

NATIONAL REPORT

ON IMPLEMENTATION OF HABITAT AGENDA

IN BULGARIA

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NATIONAL REPORT ON THE IMPLEMENTATION OF HABITAT II AGENDA IN BULGARIA

INTRODUCTION

Bulgaria is a small country (110 thousand square km, 8.2 million people), situated in Southeastern Europe, which, from the end of the Second World War to the late 80s belonged to the so-called "Soviet bloc". During the said period there was effected a quick and to a great extent artificial (forceful) industrialization and urbanization which changed significantly the structure of the country's settlement system. In 1946 the urban population was 24.7%, in 1965 - 46.5%, in 1985 - 64.8% and in 1993 - 67.6%. In 1980 34 big and medium cities concentrated 44.5% of the population while in 1995 - 48.5%. Thus Bulgaria turned from a predominantly rural country with an economy dominated by the agricultural sector, into a country with a prevalence of the industrial sector in the economy in which typically urban problems exacerbated.

Despite the fact that during that period were realized a series of improvements in the settlements (chiefly in cities) and in the quality of life (more specifically in infrastructure and services back-up) there existed serious problems with housing in big cities and with the pollution of the environment as a result of industrial activity. Urban development could not be considered autonomous as the system of management was strongly centralized. Industrialization, subordinated to the principle of increasing production at any rate, in many cases originated severe ecological problems, which despite the declared goals, were sidelined in real politics. The rapid growth of cities led to the destruction of the unified urban structure and to the formation of vast industrial zones and pre-fab housing estates, to the emergence of serious problems, related to transport and urban ecology. At the end of that period were observed alarming symptoms of backwardness from the European standards and unsustainability of human settlements.

The period after 1990 and the effect on urban development

Similar to other countries from CEE from the late 80s and early 90s radical changes have been under way in Bulgaria of the political and socioeconomic conditions which also reflect on the development of cities. Democratic institutions of governance and political pluralism were established, including at a local level, economic conditions were liberalized, there started a rapid development of private business and a respective growth in its economic share, the NGO sector was developed, there started a purposeful and life-necessitated realization of an overall change of the economic structure, the most important instrument of which is the privatization of almost 100% state property. All these processes required and were accompanied by a quick and overall change of legislation. The foreign policy and economic orientation was changed, the most telling expression of which is the application to European Union accession (1995) and the invitation to open accession negotiations by the European Union (1999).

The period of transition to market economy, however, is being effected at a high social price. Against the background of macroeconomic stabilization the impoverishment of broad social strata is deepening. The quality of life has gone down in all settlements. The demographic slump has already affected all settlements, including big cities. Unemployment is on the rise, incomes are waning. According to the general index of human development according to the annual global reports of UNDP the country is ranked 60th among 174 countries but there has been a deterioration over the past ten years. The unsustainability of human settlements, inherited from the period of post-war industrialization and urbanization, is supplemented by unsustainability as a result of the economic and social crisis over the past ten years of the century during the period of transition.

The post-Habitat Agenda period

Bulgaria actively participated in the process of preparation and holding of the Istanbul Conference and adopted the Habitat Agenda. However, the period immediately after it, was linked with stormy political events, engendered by the deepening economic crisis. As a result, in 1996 and 1997 the problems of sustainable urban development were sidelined in the political agenda due to the presence of acute macroeconomic and political problems requiring an immediate solution. In 1997 Bulgaria signed an agreement with the IMF and a currency board was established. The government opened talks with the EU on accession to the European community. This prompted a strict fiscal discipline, accompanied with a reduction of budget expenses and a serious control over community expenses. On the other hand this led to macroeconomic and political stability for a relatively long for most recent history period without extreme political and executive sways, which allows for tackling the problems of sustainable development. In urban development however the effects of unsteadiness continue as a result of accumulated negative phenomena and most of all as a result of the continuing demographic crisis and emigration of the active population outside the country.

Conclusion

The dynamic processes and the existence of numerous acute economic, social and political problems in the early and mid 90s did not allow the prioritization of the typical problems of the development of settlements (macrosolutions are rather opted for). The increased foresight, the calming of the political situation, the economic stabilization, etc. are a prerequisite to more broadly talk about sustainable development, including the sustainable development of settlements. On the other hand - the consolidation of the local authorities (including the changes in the legislation which give them greater rights, but also greater responsibilities) is the basic prerequisite for raising the significance of these problems.

The national report of the Republic of Bulgaria is developed following the UNCHS-proposed scheme in seven chapters and 20 points. But also the report gives information about the main characteristics of each of the seven directions (themes) as a result of the long-year development during the period of the second half of the 20th century and more specifically over the last ten years, which are characterized for the CEE countries as a period of transition from centralized to market oriented system.

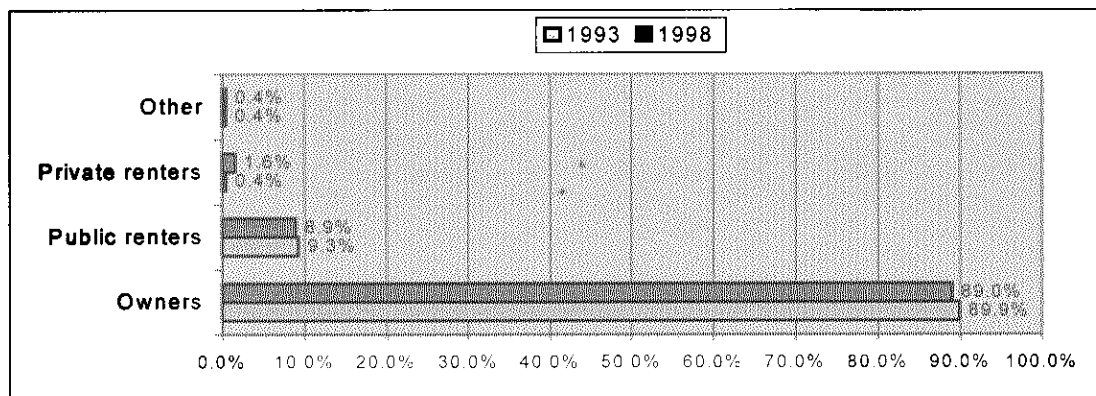
CHAPTER 1: SHELTER

1. Security of tenure

Tenure forms - structure

Unlike other transitional countries, **Bulgaria started its democratic development with a share of 90% homeownership**. Privatization and restitution processes didn't cause considerable changes in both – housing ownership and tenure structures. The only exception is the private rental sector, being developed from 0,4% in the early 90-ies up to 1,6% in 1998 (Figure 1).

Figure 1. Changes in tenure structure



Tenure protection

Dwellings in Bulgaria are Constitutionally protected. Private property is inviolable too and its alienation is admissible only for pressing public needs and after preliminary equivalent compensation. All forms of ownership/tenure are equal in rights. All occupants have equal legal rights. Restrictions or privillages on the basis of race, gender, social and property status are not admissible.

Still, there are some legal restrictions on condominium property, deriving from its strong public dependance.

Rental relations are legally regulated too. Rights and obligations of landlords and tenants are well balances in both sectors – public and private. Though legally ppossible, eviction is a rare practice in the public sector.

Tenure threats

Most of homeownership is acquired as a social merit and not as a successful end of a housing career in a market environment. As a result of transition shocks, **incomes of many homeowners lag far behind the needs for adequate maintenance of homeownership**. At a lack of public interference, natural market conditions would lead to levelling, i.e. to loss of ownership rights in cases of discrepancies. Then public spendings on social shelter would be uncomparably higher than those on economic support to threatened homeowners. This issue has a continuous trend of worsening during the last five years.

The registered need of social housing exceeds available stock. New social housing construction is reduced to the extreme. The market of cheap private housing is highly restricted due to lack of proximity to labor markets and public services. Flexibility reserves within family properties are used, but they are restricted too. **Thus provision of social housing is crucially needed for Bulgaria.**

Though transition to market economy required radical reduction of state subsidies and shifting the whole burden of housing costs to households, low incomes of population make such a policy impossible. Transition to market rent without subsidized new housing proved to be infeasible too for another reason – the existing public stock is extremely insufficient.

Raising of public rents to their economic cost proved to be impossible without considerable allowances. Therefor maintenance costs can hardly rely on rent receipts' coverage. **Fast deterioration of public stock is a real threat too.** Repair and renewal subsidies are needed to avoid vast losses and social tensions.

Unarguably, social housing programs, as well as the explicit housing policy have been and should become again a state and municipal obligation. Minding the new context, the third sector's partnership should be attracted too. It has the serious potential for both – to replace traditional functions of local authorities and fill-in gaps in the sphere of social, i.e. publicly supported housing.

The issue above is realized, but targeted policy and legislative actions haven't been undertaken yet.

The recommended measures have a complex character and therefor are presented in Chapter 7.

2. The right to adequate housing

The Law provides equal rights for all, but can all citizens implement them in real life? Housing consumption and housing affordability are seen as a basis for answering to this key question.

The housing consumption of Bulgarians

Minding the whole existing stock, housing consumption in Bulgaria is comparable to that in developed European countries. As of 1999 the total number of dwellings has exceeded that of households and each 1000 occupants have relied on 421 units.

Another aspect of housing consumption, being absent in foreign statistics, but important for Bulgaria, is the indicator "single-family occupation". All traditional indicators might have favorable values, but if the last one has rather low ones (as in Bulgaria – 69.3%), this is a sign for serious distortions in consumption.

All segments of current housing supply are inadequate to potential demand (being not demonstrated due to lack of affordability). Indirect corner-stones for quantitative assessment of affordable housing needs can be the following figures: about 300 000 dwellings are occupied by two or more families, over 130 000 units are with three and more occupants per room, about 54 000 – with four and more (this is 1992 Census data and can be supposed, that relevant figures have higher values already).

Affordability of housing

Housing needs in the current market context are covered by efficient demand only in 5-7% of the cases of strive to homeownership and no more than 10% of those, looking for a private rental dwelling. Choice opportunities are extremely restricted. The private sector's supply has unaffordable prices. The public sector has been reduced to a symbolic share (6-8%) and deprived of legal and financial prerequisites for development.

The affordability issue in Bulgaria seems difficult to solve, because **the average household income is too low, in order a new dwelling to be affordable, and the state's resources are too small to provide both, general and individual subsidies.**

Classical indicators for affordability of Bulgarian housing have much higher, i.e. unfavorable values, compared to that in developed market economies. For example, in 1998 an average-income household has needed 9 yearly incomes to buy a 75-sq. dwelling. The value is twice higher for Sofia.

Indicators for affordability of private rents are not better. An average-income household has to pay half of its' income to rent a two-rooms apartment in a medium-size town. The rent for a comparable dwelling in housing estates of large cities even exceeds average income.

The extremely high values of indicators in mind presuppose high housing expenditures. But in fact, during the last eight years, they haven't exceeded 13.6% of the average Bulgarian household income. At the same time expenditures only on food have varied from 38% to 54%. As a result of total impoverishment and highly distorted structure of household budgets, disposable income for housing is below the critical minimum. It excludes credit affordability even for renewal of housing. Therefore, deficit of income is one of the priority aspects of the housing problem.

Bulgaria is far from a balanced housing market, leading to adequateness of needs and capacity, enabling labor mobility. It is even more-remote from the state's key role to provide legal, financial and organizational conditions, enabling vulnerable groups to solve their housing problems.

Like the previous one, this issue has not been addressed by a state policy during the last 5 years and relevant legislative measures have not been undertaken. Its summarised assessment for the period is "worsening". The recommended measures are contained in Chapter 7.

3. Equal access to land

The old administrative system for provision of housing construction land was abolished 10 years ago. **Private ownership rights were restored and their legal protection – reinforced.** Most of undeveloped urban plots were transformed into private property through the process of restitution.

Though restitution contributed a big share in land markets, public supply is still considerable. The issue is in the improvident land policy of local governments. Pressed by permanent budget deficit, they easily "consume" the last reserves of developed land, solving only conjuncture issues.

The lack of coordination of public investments in infrastructure and private - in buildings, is an issue concerning not only housing markets. Huge losses from unfinished construction are just the top of this "problem iceberg". If regulations allow construction only on developed plots, land markets would shrink due to unfitness of prevailing supply.

Restitution and the legally possible privatization of land in housing complexes (since 1996) are potential opportunities for opening of new markets. These opportunities should be utilized not only for in-fills but for their restructuring and renewal too. The last one is a prerequisite for a longer physical and social life of these vulnerable urban structures. The issue is realized, but no policy and measures are targeted to it yet.

The system of Cadaster and Building-Development and Regulation Plans have a crucial role in real estate transactions and housing finance. With the adoption of a new law in 1997, Notary activities were privatized and services – improved in terms of security and promptness. The state of Cadaster continues to be unsatisfactory. The new Law on Cadastre and Property Registration, as well as the new urban development law, waiting adoption, enhance chances for considerable improvements in functioning of land markets, ownership protection and access to land for housing construction.

Still **sharp financial deficit (public and private) will continue to hinder timely and synchronized planning and infrastructure provisions for construction land**. Scarcity of developed plots will continue to raise the cost of new housing.

Solutions should be sought in practices, adapted from those in developed market economies. Provision of sufficient finance for planning and infrastructure could be improved through the following measures:

- imposing of a tax/fee on the "increased value of land", resulting from public investments in regulation and infrastructure (a mechanism, legally established 2 years ago, but still missing visible results);
- transferring a part of subject expenditures to the owners of buildings (which is a recent practice, but not a legal provision);
- establishment of "Urban development funds", being able to benefit from local business sponsorship, along with other regular sources;
- enlarging the practice with private contractors for public infrastructure - in order to reinforce competition and increase efficiency of investments.

4. Equal access to credit

The legal right of each Bulgarian citizen to raise a credit is unarguable. Restrictions of access to housing credits derive from the mortgage products on the market, current solvency and reliability of future income.

The Bulgarian system of mortgages

The monopoly of the State Savings Bank existed till 1998. Its refinancing was entirely dependant on population's savings. A long-term mortgage loan (up to 20 years) was possible due to a special Law. Full-licensed commercial banks could (and still can) issue similar loans, but they didn't demonstrate interest to this high-risk form of crediting.

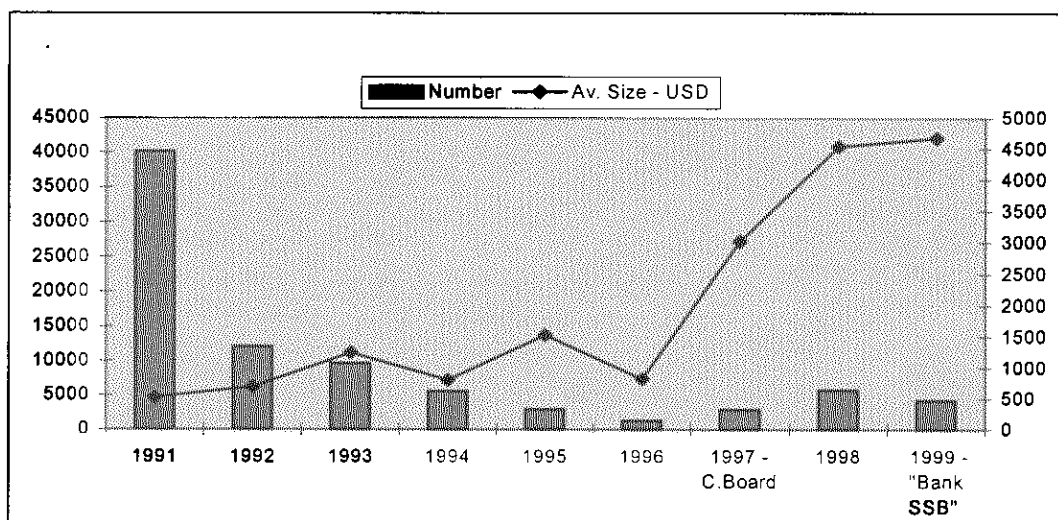
Since 1999 the SSB is converted into a conventional commercial bank and the mentioned special Law - abolished. This fact forced mortgage lending to shrink within the frame of 10 years maturity term.

Dynamics of quantitative dimensions of crediting

Figure 2 presents changes in number and average size of mortgages, issued within the period 1991 - 1999. After the full stagnation in 1996, a visible increase has started since the end of 1997, due to favorable outcomes after introduction of the currency board - sharp reduction of interest rates and credit risks. Not only the number, but the average size of loans increase.

The number of newly issued housing loans has fallen from 40180 in 1991 down to 1244 in 1996 and their average size has increased from \$512 to \$809. These amounts have covered the construction cost of 3-4 m2 residential floor space. Along with introducing of the currency board in 1997, a sharp increase of both - the number and the average size of loans starts. During the last two years this trend abates due to twice reduced maturity of loans and increased interest rate.

Figure 2. Housing crediting - dynamics of transition



The issues behind the "statistical curtain"

Increased activeness of borrowers doesn't mean enlarged circle of efficient demand. **It continues to concentrate in the thin layer of the top income decile.**

Housing markets and lending continue to develop without correlation - the credit/value ratio stays low (below 1% at 70-90% in developed market economies). This is a sign for high equity (full solvency demand of real market players), but on the other hand - credit insolvency of most potential buyers.

The extremely low levels of incomes lead to distortions in household budgets. Increased prices of housing services decreased the saving capacity even of above-median income groups. Thus strong equity position of most homeowners wouldn't be expressed in efficient demand for mortgage loans - neither for better housing, nor even for renewal of currently occupied ones.

Mortgage products on the market

The only mortgage instrument on the market is the annuity credit. This is a loan with fixed interest, fixed period of repayment and equal installments. Lenders keep the right to adjust the "fixed" interest to the basic one, while the borrower – to pay-off the loan in advance.

Offered mortgages are adequate to real estate prices, but far beyond the level of mass affordability. Their basic dimensions are:

	Till 1998	Since 1999
Maximum amount - % of investment	70	70
Interest rate – points above the basic interest rate	3-7	12
Maximum repayment term – years	20	10

All attempts to introduce more-flexible instruments (price level adjusted mortgage – PLAM and dual-indexed mortgage - DIM) failed.

As for the housing savings' system, the inherited one still exists, but the new economic conditions have made housing deposits in attractive. Thus their role of a housing career "springboard" as well as their share in total savings have become symbolic.

Experts' proposals

Affordable mortgage is not an aim for its own sake but a key for solving of pressing issues like renewal of existing stock or provision of new affordable housing. **A radical reform in the housing finance system is needed.** A new system for direct and indirect subsidising, a new housing-savings system and adequate mortgage instruments are proposed:

- a new institutions – National Housing Agency and National Housing Fund,
- a guaranteed minimum of budget expenditures – 1.5%,
- introduction of a targeted subsidy system – including preferential credits for renewal of existing housing,
- introduction of "contractual loans" for the first dwelling and repair of the old one (this system contains incentives for savings too),

Unfortunately, it can be reported only that during the last 5 years nothing has been done to enlarge the real access to housing mortgages.

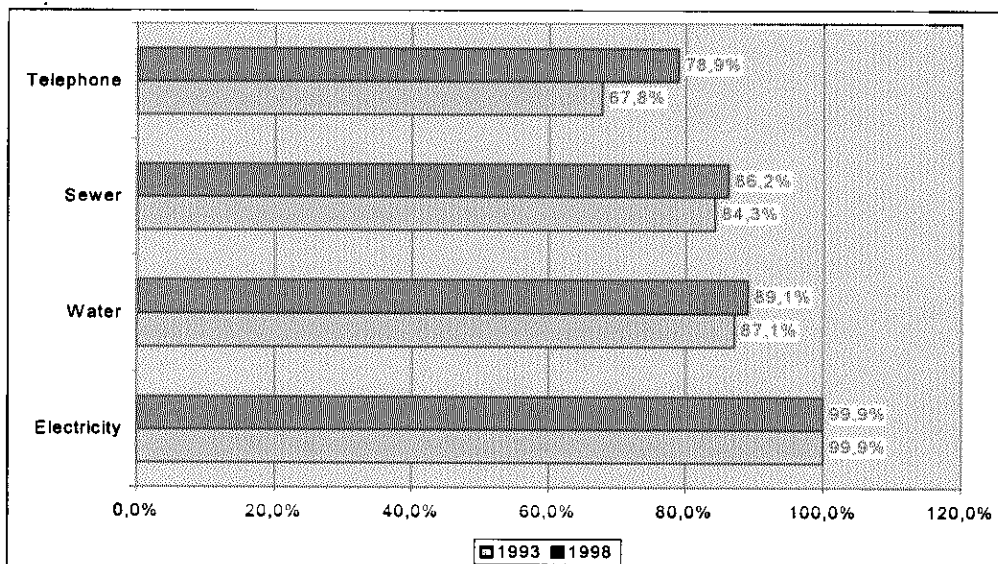
5. Access to basic services in housing

Regarding physical availability of basic utilities, **the Bulgarian dwelling is comparable to European standards, but in fact they do not contribute to its quality to the expected extend.** Low reliability of exhausted and poor-quality infrastructure systems can be considered for the main reason.

The statistical picture (Figure 3) presents positive trends:

- electricity supply sustains high European standards,
- water and sewer, though slowly, continuously improve their networks,
- phone networks rapidly cover the whole country.

Figure 3. Access to basic services – statistical improvements



In fact, access to these services, as well as their quality are discredited by the following issues:

- water supply regime – affects 15.7 % of the population,
- huge losses in water-supply networks (up to 50%), leading to higher prices of water and self-restricted consumption,
- insufficient waste water treatment – 36.5% of all quantities are not treated at all,
- mass refusal from central heating due to lack of affordability,

- over 55% of all dwellings rely on solid fuel – at least two threats make this option vulnerable – expected restrictions for ecological reasons and increased prices due to fast exhausting of national reserves.

The problem becomes deeper if we consider compulsory waste of energy and money. Inherited low quality of the stock, the inadequate system of its management and maintenance force occupants to consume quantities of energy, twice larger than reasonable ones. Giving up central heating solves personal economic issues to a certain extent, but at the same time creates a new reason for social tensions. Public and physical (incl. heating) dependance of condominiums are unavoidable. **Therefore, energy efficiency measures should become inseparable part of each future renewal project.**

Housing quality indicators should reflect all three aspects – physical availability of basic utilities, reliability of their functioning and affordability of reasonable consumption. The last two aspects have poor characteristics. This is the ground for a general assessment: **The Bulgarian housing and housing consumption still lag behind medium European standards.**

CHAPTER 2: SOCIAL DEVELOPMENT AND ERADICATION OF POVERTY

6. Provide equal opportunities for a healthy and safe life

Current situation

Bulgaria's health system is in a process of **painful change**. The post-1989 inherited structure was: too much centralized; imbalanced in the direction of hospital assistance at the expense of prevention; insufficiently flexible to match the new challenges like chronic diseases.

From here throughout the years of transition the system had to respond to the current needs of health services which however were placed in a changed economic and social environment of which system it was not designed. In this sense **the problem was not in the lack of funds** (or at least it is not only this) **but in the emerged disparity between existing structure and the philosophy of healthcare** (reflected in the very word "healthcare").

The change attempts taken in the 90s till 1998 aimed at the following main directions:

- Opening of the market of medical services to private suppliers;
- Privatization of the pharmacy network;
- Delegation of the responsibilities over the functioning of the health system to the municipalities.

These measures however were "dipped" in the existing administrative and conceptual framework. They neither reduced the number of medical staff nor increased the efficiency of the system in an economic plan. A very large portion of the funds went to maintain the very system. As it remained "tailored" for another reality, the funds would never do which inevitably reflected on the quality of medical services. In the long run it was arrived at a **vicious circle of "bilateral discontent"**: the ones occupied by the system were discontent with the received incomes while consumers of the system were discontent with the quality of services.

As is shown in Annex. 1, **basic indices which reflect the state of the health system, have deteriorated over the past decade**. There is observed a certain fragmenting of the negative trend of the birthrate index and the overall deathrate in 1997-1999 thanks to which starts to decrease the negative value of the natural growth. The number of stillborns is also on the rise in the early 90s and in 1996 returns to the 1980 level (7.4 per mil). Indicative is that this coefficient is lower in cities (6.8 per mil in 1998) than in villages (9.1 per mil in 1998).

Policy changes and challenges

The basic changes in the sphere of health servicing and access to health services are linked with the **1998-launched health reform** with the adoption of the law on health insurance. By force of this law is created a National Health Insurance Fund with 28 regional bureaus (in each district centre). From 1 July 2000 the health insurance system covers the initial health servicing, and from 1 July 2001 will cover also hospital servicing. The Bulgarian health reform aims to reorganize fully healthcare, by changing radically the relations doctor-patient-state. These new relations should present the initiative on the part of the patient and place the health services on a competitive basis.

In its design the reform is trying to combine market and non-market principles and mechanisms. In any case however **it radically changes the way of financing the initial health servicing and enables its rationalization**. The very financing is based on the principle of compulsory health insurance. The basic elements of the reform are:

- Separation of pre-hospital from hospital assistance;
- Priority of prophylaxis;
- Introduction of the principle of GP;
- Contractual relations among suppliers and consumers of health services;
- Decentralization and privatization of the health infrastructure.

As to the above priorities, it can be said that the reform at the moment can be likened to "the middle of the road" between the start, an already not functioning system, and the new, which is in a process of creation.

The **main challenges** are:

- To break negative trends in the sphere of health indices;
- To bring the existing infrastructure in compliance with the new system;
- To secure a full access to health services of all guaranteed in the constitution of the country.

- To attain an optimum interaction between the central units of management of the system and regional structures.

Despite the ongoing health reform, a basic law of healthcare in the Republic of Bulgaria still is the Law on Public Health of 1973, though amended numerously. It is this law and the Regulation on access of health insured persons to hospitals for pre-hospital and hospital assistance regulate after the start of the health reform the order of access of any person who is a Bulgarian citizen to the use of medical services in the health system of the country. According to Art. 1 (1) of the Law of Public Health **"any Bulgarian citizen has the right to accessible medical assistance and free use of medical servicing in a public health establishment."**

Now are outlined four groups of **potential problems**, which can originate or deepen until the reform is not fully operational (the problems come most of all from the fact that the old system practically does not function, while the new is still in the process of creation):

- Immunizations and control over their strict and timely holding, which is in the powers of the personal doctor;
- Existence of regions in the country in which there are no registered medical practices and which may remain isolated from access to medical assistance;
- The problem with the school doctors and health cabinets in schools;
- Health insurance and servicing of risk groups (unsecured unemployed, minorities, "street children").

The financial aspect of the reform is a separate problem. It borders first on the very likely disparity of financial streams. On the one hand, the expenses on medical services (especially in regard to consumables and equipment) chase European levels. In the long term this can shake the financial fundaments of the health insurance system. The capitalization of the health insurance bank with a loan from the World Bank is a temporary solution. A lasting solution can be attained only through the approximation of the levels of the incomes to the levels of the expenses. Until then however probably the system will be faced with a choice to which groups of the population to give priority: children or adults.

Crime and personal security

Dynamics of crime in the nineties' is different. Levels of crime are the highest (respectively of personal insecurity) in 1997, when 2896 crimes per 100 000 people have been registered (for comparison – in 1995 – 2453 crimes, in 1996 – 2337)¹. In 1998 the situation gets improved and the crime indicator falls to 1993 crimes per 100 thousand people. In 1999 the coefficient falls down to 1855. Another important achievement during the recent years is the restriction of organized crime.

The percentage of crime uncovering has improved too and in 1999 reached 60% (the highest value compared to previous years). Still mostly spread are crimes against property. Thefts are 49% of the total registered crime in 1999. Robberies are 3.4%.

Crimes against personality maintain a relatively permanent level during recent years. In 1999 intended murders have decreased by 2% and relevant uncovering rates have been 85.1% at executed murders and 92.2% at murder attempts. The number of registered rapes in 1999 has decreased by 54% compared to 1998 and relevant uncovering rate has been about 90%.

Considerable increase has been observed in crimes, related to drugs.

Security against institutions' violence

This is still an issue in Bulgaria. A 1999 representative survey among prisoners shows that 54% have had no attorney during the first instance procedures and 40% - during the trial². Violence from the side of the police is an actual issue too – according to the Director of the National Investigation Office, in 1997, 97 arrested persons have been object of police violence and between January and March 1998, their number has been 38. In most cases violence is targeted to minority groups' representatives, especially the Gypsy one. It is another fact that the percentage of Gypsy minorities among criminals is considerably higher but still violence against Gypsies stays disproportionally high.

Minority aspects of individual security gain specific dimensions in urban environment, especially concerning Gypsies. Due to the extremely high rate of unemployment among Gypsies³ and specifics of Gypsy households, these communities isolate themselves in separate quarters. Isolation becomes deeper and deeper and in near perspective can cause the issue of "inner towns" in Bulgaria too – with all inherent outcomes for personal security. Actions against similar trends should be only in line with involvement and inclusion of people from these quarters in solving of common issues. In a long run, involvement of minority groups' representatives in the public order protection system and taking over some of the responsibility would be absolutely necessary.

7. Promote social integration and support disadvantaged groups

Current situation

Definition of disadvantaged groups

¹ The statistics on crime is from Bulgaria 1999, Social and Economic Development, Sofia 2000, p. 71-76.

² Report on the Implementation of the Framework Convention for the Protection of National Minorities, Helsinki Committee, p.6, 1999

³ The unemployment registering system does not distinguish ethnic belonging and therefor assessments on ethnic unemployment are based on sample surveys.

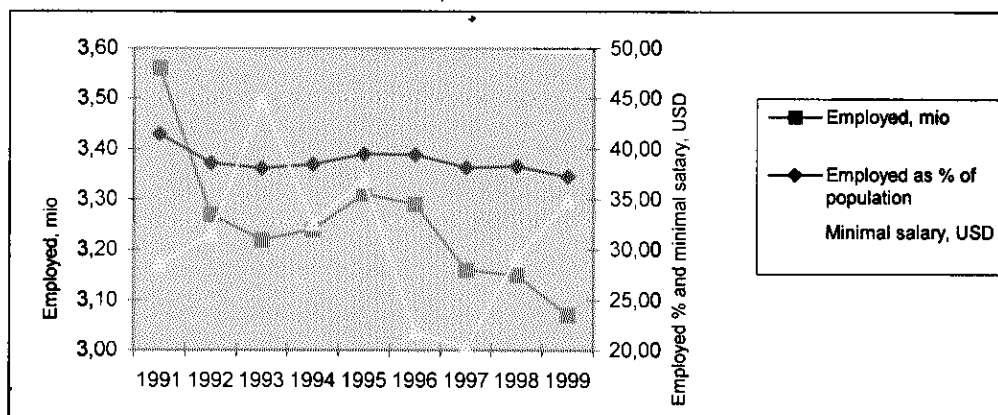
The disadvantaged groups can be defined following different criteria. The most suitable however seems "human security" with its different components (economic, health, educational, individual, community). In most cases the problem with the belonging/non-belonging to a disadvantaged group does not boil down solely to economic parameters like poverty and the lack of access to occupation. Poverty is part of a vicious circle, and its other elements are also insufficient education, lack of possibilities for participation, etc. There are however enough grounds to think that poverty in the majority of cases is the first step to this vicious circle due to which the economic aspects in many regards are leading in the problems of vulnerability and social integration.

The UNDP studies on Bulgaria offer as an absolute threshold of poverty for 1999 BGL 66.39 (\$35) per month. In this sense socially disadvantaged are practically all household members whose per capita income is under BGL 66.39 (\$35) per month. On different assessments it can be accepted that in 2000 around 23% of the population joins the category "poor". These are: households of minority groups (especially Roma); pensioners, with at least one jobless; three and more children, rural households; people with handicaps; with low degree of education and professional qualification. In many respects these categories overlap, which accumulates the problems - for instance there is a high degree of correlation between the ethnic belonging, existence of jobless in the household, low professional qualification and high number of children.

Reasons for the broadening the circle of disadvantaged groups

The main reason for the growth of disadvantaged groups is economic - the collapse of production during the years of transition, reduction of occupation and respectively of real incomes (which cannot be compensated with economic growth, reached over the last two years). This trend has an impact most of all in the negative dynamism of occupation. Over the last two years **the trend to reducing occupation is in practice constant** (which is due both to economic, and of demographic reasons). As a result a smaller number of occupied has to feed practically the same number of population. That is why the growth of the average salary does not reveal the total picture of the economic situation of the households in Bulgaria and especially the most disadvantaged ones.

Figure 4. Dynamism of occupation and minimum working salary.



The high degree of expenses for food in household budgets is a traditional index of poverty. According to the National Statistics Institute, the share of food expenses in 1999 as compared to 1998 drops with 3.8% and reaches a level of 44%, typical of the first years of transition (43.3% in 1992). Apart from this fact, an indication for the overcoming of the negative tendencies is also the growing share of expenses for entertainment and leisure with 0.7% in 1999. But household expenses for food are still very high and the share of expenses for food of the last 20% of households classified on per capita income (i.e., the ones which fall in the category "disadvantaged") is lastly above 50%.

Possible policies in regard to disadvantaged groups.

In the policies of social integration and assistance of disadvantaged groups can be determined two key moments. One affects all groups because it has a relation to the access to occupation. The second affects most of all handicapped people in whom in the name of "care on the part of the state" (mostly through the system of the institutions) at moments is arrived at a violation of human rights as regards an equal access to development, resources, social realization.

As concerns access to occupation (surmounting poverty), the main expenses of the state are effected through the Fund Professional Assistance and Qualification (PAQ). Of them the expenses for active policy are oriented in a greater extent to the sustainable solution of the problems with unemployment than the expenses for passive politics. As indicated in Annex 4 in the early decade the expenses on passive politics totally dominate the budget of the PAQ Fund (93%). Their share gradually decreases to the benefit of expenses for active politics whose share reaches its maximum in 1998 (31.2%, after which however the trend is broken to the reverse direction. It is possible this is due to the sharp growth of registered unemployed (and respectively the compensations for them) in late 1999.

The attention to the expenses on active policy is not accidental. They express the aspiration to a sustainable solution of the problems with occupation. The temporary occupation programs addressed most of all to low qualified manpower cannot be determined as sustainable. After the completion of the concrete projects the problem with the free manpower remains. This is valid especially for big cities where we have a concentration of people in a disadvantaged

position who have no access to alternative occupation in farming. The problem with the long-term and structural unemployment will not be resolved in the near future (5-10 years) and throughout the time will exist a serious contingent of people with a low educational and qualification level who will be excluded from the labour market because of the fact that there is no demand for their qualifications and skills. This supposes the **timely creation of social networks which however to be constituted in such a way that to encourage social mobility, a change of attitudes of the individual and not to create (or at least not to deepen) a culture of dependence.** This supposes also **long-term programs and strategies of training and qualification through to raise the competitiveness of these groups in the conditions of the free market.** A concrete step in this direction is the adopted by the government in April 1999 Program of integration and equal chances of Roma.

An important aspect of the social integration is the **access to education.** For the minority groups the low education is one of the main factors of social exclusion. There exist a series of formal and informal restrictions to the access to equal quality of education most of all of the groups of Roma children and handicapped children. In both cases instead of closing and "caring" for them in specialized institutions, it is possible and recommended the concrete lacks to be compensated and to give way to an equal participation and social integration of any individual. An example in this respect are the existing attempts to include Roma children through assistant-teachers and through additional classes of Bulgarian. Regrettably, enough examples in regard to handicapped children are still lacking.

The same holds true of the creation of **accessible working and living habitat** for handicapped people as a necessary condition for their social integration. In this case also the state policy still stresses on the lost potential as a justification of a social exclusion (naturally, "for the good of the handicapped person"). With such grounds in practice is restricted the right to a free choice of education, professional realization.

Viewed from the perspective of the development of human settlements, especially important element of social integration of handicapped people has the question of an **accessible architectural environment**, especially in big cities. In this respect despite the existence of normative documents - Regulations on the construction of an accessible for all habitat the examples of good practices still remain isolated. They are the fruit of the pressure of NGOs and not the result of a systematic policy of the state and municipalities as concerns handicapped people as equal members of society. An example in this direction is the 1999 developed Strategy of equality and equal chances of handicapped people by the Ministry of Labour with the support of the UNDP and on request by the Fund for rehabilitation and social integration. This strategy however remained on paper.

8. Equality of women in human settlements development

Regarding gender equality, the main issue is existence of equal opportunities for realization of women, compared to those of men. These conditions include access to employment, levels of payment and access to education.

The issue

The legal framework of Bulgaria regulates the issue of gender equality synonymously. For example, **discrimination by any feature, including gender is explicitly forbidden.** Further, the Labor Code contains detailed provisions for the rights and security of mothers regarding both - maternity leave and labor conditions. Still there are issues in implementation of relevant legal provisions, partly due to the economic conjuncture. Women's rights and those of employed mothers are potentially threatened in conditions of economic crisis and "over-supply of workers", when employers treat their special obligations as ones, restricting their compatibility.

Notwithstanding the trends above, **there are no grounds yet in Bulgaria to consider women as a separate vulnerable group or one in an unequal position.** Existing differences between men and women in the sphere of incomes, access to employment and some other indicators are still within admissible limits.

Therefore state policies regarding women have to be targeted mainly to preventing the emergence of new dividing lines by "gender" indications in the society as well as to gradual leveling where inequality exists.

Specific dimensions of inequality

Women form a share of 54% in 1997-1999 registered unemployment. The highest percentage of registered unemployed women is among the 45-49 age group. The relatively low share in the age group above 50 years is probably due to lower age of retirement.

Further women face more obstacles in access to labor markets. Based on the National Statistics Institute data (NSI⁴), 12.8% of women and 5% of men can't find a job immediately after graduation. Registered unemployed women dominate in most age groups.

Another important aspect of inequality, closely related to employment access, is the level of incomes, which demonstrates a slight trend to leveling. In respect to professional backgrounds, women are generally employed in spheres with lower labor incomes where they get less for one and the same kind of labor.

As a whole, inequality of women is treated mainly in the economic context and is related to employment opportunities and the woman's vulnerability at her working place. Nonetheless, there is no distinct understanding that poverty in Bulgaria is a feminist issue. Statistical data on women's share employed out of the agricultural sector supports this statement (47,5% in 1997, 48% in 1998 and 48,1% in 1999).

On the other hand, there are evidences that generally women get more state social benefits compared to men.⁵ This is a partial compensation to the fact that women are still compelled to bear the serious burden of household

⁴ Bulgaria 99, Social and Economic Development, NSI, 2000, p.24.

⁵ See: World Bank. *Bulgaria During the Transition*. Washington, 1999; ILO/UNDP. *Women in Poverty; An Assessment of the Bulgarian Anti-Poverty Policies and Strategies*. Sofia, ILO 1998.

maintenance, due to insufficiently developed social services sector. This concerns mainly low-income households and those of minorities (especially Gypsies), where women have no "opportunity windows" to get out of the vicious circle of child rearing and household maintaining resulting in marginalization⁶. Since early age, children in such households, mostly girls, get involved in housework leading to diminished chances for social realization.

Violence against women is an important aspect of inequality. For a long time it has been treated as a non-existing issue. On the other hand, the nature of this phenomenon makes difficult its quantitative assessment (in many cases, especially concerning domestic violence, women prefer not to share and complain). Still there are enough evidences that the issue becomes more and more serious for Bulgaria too, which is natural minding stress and uncertainty, accompanying the process of transition. Therefore measures against this phenomenon shouldn't be restricted only to the instruments of legislation, but should focus on reinforcement of local communities and public participation on local level.

One of the most recent surveys (June 2000⁷) shows availability of gender equality in respect to access to education (90% mark an equal start) and social security (75% - equal start). Gender inequality is seen mainly in the unemployment context (44% think, that women don't have equal employment opportunities) and in the lack of free time (41.2%). 74% of respondents consider sexual harassment and violence at work for a serious issue of women in Bulgaria. 81% of the female and 67% of mail respondents has shared this understanding.

A serious issue that has been neglected till recently, is the traffic of women in regional (the Balkans and beyond) scale. Data at this point is fragmental too, but obviously the issue will grow. Its solving requires systematic actions by both, the legal system in its fight against organized crime and the civil society organizations. Actions, aimed at strengthening of public sensitivity to the issue and helping all potentially threatened by similar crimes to become conscious of the real dimensions of such dangers.

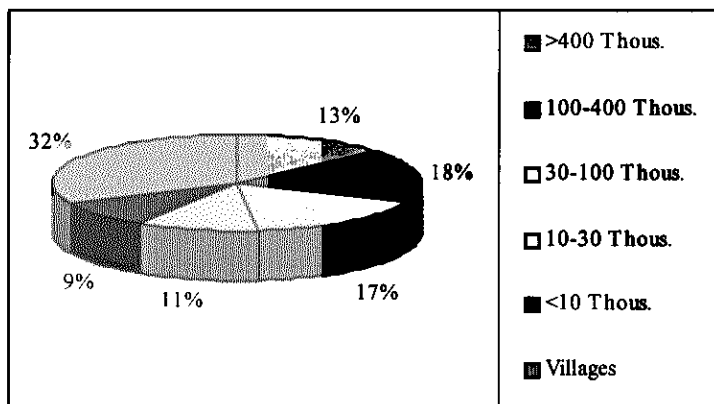
CHAPTER 3: ENVIRONMENTAL MANAGEMENT

9. Promote geographically balanced settlement structures

Two poles of urban development

In the Republic of Bulgaria in the period of extensive industrial development coupled with a stormy urbanization are outlined the **typical two poles of urban development**: on the one hand, a small number of big cities, agglomerations with a big concentration of population, production funds, activities and ecological problems as well; and on the other, peripheral backward agricultural regions with small settlements, decreasing population and waning development. During the second part of the century in the country was displayed a serious demographic crisis, in the 80s started the decrease in towns while **since the 90s has decreased the population in big cities as well**. In 1993 the population in cities is 5,720,519 people while in 1998 5,596,753 people. During the last decade of the century, the continuing economic and demographic crisis intensified the decay of peripheral regions but also started to display in big cities. Nonetheless, it is outlined as potential growth poles but they are rather small in number to spread their influence on the other peripheral regions which are threatened to remain lastingly outside the growth poles.

Figure 5. Population Structure by Human Settlements Category



A comparatively balanced settlements' network

Despite this negative picture, the result of the demographic and economic crisis, **the network of settlements on the territory of the Republic of Bulgaria during its historical formation and modern development shows the presence of qualities and capacities of a relatively good balance**. On a territory of 110 thousand square km are situated 5,336 settlements, average on one settlement fall 20.6 square km and the mean distance between settlements is 4.5 km. Very regularly are located the small settlements (5,303 villages and towns). Relatively evenly are situated the 33 big and medium cities of over 30 thousand inhabitants. It is not observed a strongly displayed imbalance

⁶ ILO/UNDP. *Women in Poverty; An Assessment of the Bulgarian Anti-Poverty Policies and Strategies*. Sofia, ILO 1998, pp. 17-24.

⁷ The Bulgarian Woman - *social status and political participation*, National Center for Public Opinion Investigation, June 2000.

of the biggest city the capital Sofia (1.1 million people or 13.4% of the population) and the following cities: Plovdiv (340 thousand) and the Black Sea Varna (300 thousand) and Burgas (200 thousand).

With a more detailed look there can be calculated a certain distancing (over 50 km) of some rural regions and small settlements in them from big cities. These regions are in the periphery of the national territory: NW, SE, S, W, SW and NE. Peripheral character have also some inner rural regions. But the evenly situated in the peripheral rural regions towns (under 30 thousand) give grounds to count on them for the future consolidation of the network of settlements and for approximating jobs and services to the rural population. The encouragement of these towns and the development of a qualitatively new level of the ratio town-village depend on the conducted policies of regional and urban development in the country which **since 1999 has been regulated with the adoption of a law on regional development**. But the expectation is that a real effect of this policy can be achieved barely after overcoming the economic crisis in the country.

The importance of small towns in rural areas

Especially important is **through the policies of regional and urban development to stimulate the achievement of a model of balanced polycentric network of cities with a greater number of hierarchized support centres**. This means to find an opportunity for the transfer of the positive influence of the big cities in which is outlined a possibility of a real growth, to smaller towns in the backward rural regions. For the Republic of Bulgaria **the towns in rural regions are especially important**. Through their consolidation can be approximated to the rural population the necessary services and labor occupation and to soften the negative demographic processes. The transfer of the small towns in support centers, servicing the rural locality will give a possibility for the support of the future balanced polycentric network of cities and for the development of new relations between the city and the village.

The model "urban-rural habitation"

Here is deserved to pay attention to the model **urban-rural habitation**. During the whole process of active urbanization in Bulgaria the link of the new urban inhabitants with the village was not stopped like in some major European cities. This link is maintained actively during the periods of free time at the end of the week and the leave when the citizens of the cities go to the village to rest or to practice agricultural labor. During the current stage of economic crisis and quieting of the urbanization process this link is intensified for purely economic reasons but in a low in a qualitative respect level. In future in stabilizing, consolidating and expanding the economic development on the basis of new technologies the model urban-rural habitation can receive broader and more qualitative development.

10. Manage supply and demand for water in an effective manner

Water supply and sewerage network in settlements

Water supply

The country has a well-developed water supply system, servicing 98% of the population. The number of settlements with water supply is 4517, which constitutes 84.6% from all settlements (100% of the towns and 81 % of the villages).

The **quality of drinking water** supplied for the population is regulated by the Bulgarian State Standard "Drinking water" with organoleptic, physical, chemical, microbiological and radiological parameters. About 3% of the population connected to drinking water supply systems uses water with higher level of nitrates. High levels of manganese in the water in some regions have a negative impact on the organoleptic qualities of the water and causes problems for the maintenance of the water supply network and water facilities.

The **water supply** systems include the following main facilities in the country: 50000 km water supply network within the settlements; 24000 km water supply network outside the settlements; 10 reservoirs intended for water supply; 52 drinking water treatment plants with overall capacity of more than 20 m³/sec; 5900 drinking water tanks; 3850 water supply pump stations.

Water consumption is about 120 liters/person/day with a tendency for reduction because of rising price of water and improved accuracy of measurement.

Drinking water losses are about 53 %. For the period 1980–1997 the relative share of utilised water has fallen from 84% to 47%. This is due mainly to the following reasons: worn-out water pipe network - about 70% of the pipes are made of asbestos and cement and have been in use for more than 20 years; unsatisfactory level of control of the water supply system management; reduced volume of utilised drinking water for industrial use; incorrect measuring of volumes of water supplied.

Four water supply reservoirs, 7 drinking water treatment plants, 58-km pipework and other facilities are under construction at present.

Sewerage

The total length of the constructed sewerage network is 7718 km for the entire country with 321 983 sewerage connections. The number of settlements with sewerage systems is 277, out of which 167 are towns. The percentage of towns with sewerage systems is 70%, and of villages – 2%. The construction of sewerage systems is unsatisfactory. In most of the villages, there is no sewerage network and waste water is discharged using short drains to cesspits and septic tanks.

The actual state of the sewerage network in the country is not good. It might be satisfactory for the citizens' health, but not for the environment as a whole. All rivers, floating through towns and big villages have been turned into "sewage", depriving these human settlements from valuable recreation resources (at least). Part of it (17%) needs to be reconstructed because of ageing, including moral one. Many of the constructed sewerage networks in the

settlements have been built in the period 1960-1965. Because of that the increased volume of waste water can not pass through it and a reconstruction is needed.

Current state of legislation

At present the existing legislation in the water sector does not correspond in the necessary degree to the requirements of the EC directives. The legal sector regulation is based on the Law for Protection of Water and Soil from Pollution (1963) and until recently the Water Law (1969). A new Water Act has been developed in 1999 that introduces the European requirements in this field. Bulgaria is a party to a number of international conventions and agreements, concerning water issues. According to the requirements of EU Directive 91/271/EEC on the urban WWTPs, the member states of the European Union should guarantee that until 31 December 2005 all waste waters, included in the sewer systems of populated areas with over 10,000 equivalent inhabitants, would be subject to secondary treatment before they are discharged into the water recipients.

Priorities for action

The main **priorities for action** in the field of water supply and sewerage network are:

- Improve the efficiency of water supply and sewerage network services and achieve better quality.
- Improve the technical condition of water supply and sewerage network systems and the level of management on companies.
- Reduce the state and municipal subsidies and introduce private investments in the sector.
- Analyse in details the parameters from EC Directive 98/83/EEC in regard to how close are the physical, chemical and biological parameters to those in Bulgarian State Standard 2823/83. On the basis of that analysis, actions will be taken for their transposition in full in Bulgarian legislation.
- Replace of worn-out sewerage network.
- Complete construction of the sewerage network in larger settlements.
- Enhance the existing and construct new sewerage network in settlements close to vulnerable ecosystems and resorts.

The **criteria for selection of priority investment projects** in the area of water supply are:

- The level of water supply for the respective settlement;
- Water supply rationing;
- Drinking water quality in the settlement.

11. Reduce urban pollution

Current condition of urban environment

The environmental situation in Bulgaria continues to be unfavorable especially in urban areas. Old economic structure, dominated by highly polluting heavy industry and obsolete technologies is considered to be the main cause. Another issue is the use of low-grade raw materials that separate a lot of waste at processing, while waste-treatment facilities remain inadequate. Limited resources for environmental protection and the lack of effective environmental regional policy & control are of secondary importance. A radical change in environmental conditions requires a radical change in industrial base and economic structure.

Though some improvements have been observed during recent years, they can't be considered for a sustainable trend. Most of them are due to collapse in many productions and not to active environmental protection. It can be assumed that if economic recovery continues without radical structural reforms, Bulgaria will face again with full-scale environmental problems.

Most of the grave environmental risks due mainly to the heavy industry enterprises are located in 14 areas denominated as environmental "hot spots". About 12% of the population lives there and is exposed to the harmful effect of the industrial emissions.

The assessment of the emissions from all sources of harmful substances includes 2,436 enterprises, polluting the ambient air. The following data concerns the basic pollutants which are characteristic for the ambient air quality - sulphur dioxide, nitrogen dioxide, dust, carbon monoxide, as well as some specific pollutants - lead, mercury, cadmium, dioxines, furans and polyaromatic hydrocarbons.

In Bulgaria the energy industry is the biggest source of sulphur dioxide (85%), nitrogen dioxide (30%) and dusts (45%) from all emissions in the country.

The largest anthropogenic sources of volatile organic compounds (VOC) are the road traffic - from the petrol-driven engines of the vehicles - 40%, and the industry - about 35%. 38% of the nitrogen oxides are due to the road transport.

71% of the emissions of methane originate from the extraction and processing of fossil fuels. The other significant source of methane is the natural gas transportation.

Burning of coal in thermal power plants, the non-ferrous and ferrous metallurgy are the main sources of mercury. The thermal power plants discharge 35.9% from the total quantity for the country.

Almost one third of the emissions of cadmium are due to the burning of liquid fuels in small combustion facilities at local heating stations.

The industry and the automobile transport are the main sources of lead pollution.

Burning of fuels in the domestic sector results in nearly 70% of the total quantity of the emissions of polyaromatic hydrocarbons.

Combustion processes are the main source of dioxines and furans. The thermal power plants discharge around 40% of the total quantity.

Current state of legislation

- The Ambient Clean Air Act is in force in the country since 1996 and is the one providing basic legal regulation of the clean air protection activities.
- The Draft Proposal for a Council Directive on the Incineration of non-hazardous waste is fully adapted in the existing national legislation. Partly adapted are the Directives 70/220/EEC, 72/306/EEC, 88/77/EEC, 84/360/EEC and 88/609/EEC. Fully transposed are Directives 89/369/EEC and 94/67/EC concerning the determination of emission limit values for certain production activities.
- Ambient air quality assessment and management (framework directive 96/62/EC, first daughter directive 1999/30/EC). An inventory of emissions has been in preparation since 1992 and will be finalised in 2000. It includes over 2000 industrial installations. The cost for their upgrading is estimated at 0.8MoUSD for new equipment and maintenance. Currently, there is a partial transposition of the directive in: the Clean Air Act, in the regulation on ambient air quality assessment and management, Government Decree from 1998 on establishing Bulgarian Accreditation Service. A new regulation on ambient air, in compliance with the EU directive will come into force in 2000, and its implementation should be full by the end of 2003.

Priority measures

Priority measures to reduce urban pollution include:

- Construction of desulphurization installations at large combustion facilities; introduction of primary and secondary measures related to nitrogen oxides and rehabilitation of electrostatic precipitator; by 2002 – put in operation the desulphurization installations of plants 7 and 8 of the "Maritza-Iztok 2" thermal power station;
- Increase of the share of natural gas and switch to low sulphur content imported coal by change in the combustion base – reconstruction of facilities;
- Reconstruction of refineries in order to:
 - Increase of the production of unleaded petrol (0.001 g/l lead);
 - Provisions for the production of diesel fuel with sulphur content up to 0.035% and industrial heavy fuel – up to 0.2% by 2004; limiting the sulphur content to 0.005% and industrial heavy fuel – up to 0.1% after 2005;
 - Reduction of volatile organic compounds emissions during storage and transport of petrol – reconstruction of storage tanks, loading terminals, petrol stations and vehicle petrol tanks – gradually by 2010;
- Reduction of volatile organic compounds emissions from certain productions – on stages starting in 2003 – reconstruction and modernisation of industries;
- Reduction of heavy metal and persistent organic pollutants emissions from the energy sector and the industry by putting in place filter and absorbing installations – 2000/5 – 2010;
- Reconstruction and modernisation of central heating systems and increasing the number of their consumers;
- Enhancing the gas supply for household and industrial consumers – creation of the necessary infrastructure;
- Reconstruction of the existing and building new facilities in the metallurgy sector for preventing dust, sulphur dioxide and heavy metal emissions.

12. Prevention of disasters and restoration of settlements

Situation and progress

Since 1996 in the sphere of the prevention of disasters and restoration of settlements a significant advancement has been achieved as concerns the introduction and perfection of the mechanisms of planning and quick counteraction for rendering assistance and restoration as follows:

1. The law of assistance in disasters envisages the holding of protection initiatives and rendering emergency social assistance and restoration assistance. The measures cover restoration and construction of houses and other buildings for the affected and the construction is assisted by the state; definition of the social initiatives which have to be carried out for the restoration of the settlement and for preventing and restricting future disasters; granting of financial assistance to the affected; full or partial shift of the settlement and a series of others.

As the law was adopted in conditions in which the state was committed fully to restore all destruction from natural calamities and disasters, it does not correspond to the new conditions. Part of the damage can be taken up by insurance companies. The lack of disaster insurance for the bulk of facilities in settlements is a very serious problem. The 1996-adopted and subsequently amended laws introduced a commitment of insuring state and municipal facilities.

2. The system was optimized of responsible bodies on a national, district and local level. A decentralized approach was introduced to information and decision taking. Permanent commissions were created for the protection of the population in disasters, incidents and calamities. These commissions fulfill the following tasks:

- Analyze the readiness of preventing and eliminating the impacts of disasters, incidents and calamities, accept and organize the implementation of programmes, plans and measures of its optimization;
- Organize and carry out preventive activity;
- Manage, control and coordinate the preparation, organization, readiness and holding of salvage and emergency disaster-restoration works;
- Accept and apply a single methodology of filing of potentially dangerous sites of the national economy;
- Take decisions for spending and control the purpose funds from the budget, assistance and other sources of funding of preventive activity, R&D, the organization, preparation of cadres and formations;

The permanent commissions make plans of holding salvage and emergency disaster-restoration works in cases of disasters, incidents and calamities of ministries and district and municipal institutions. Commercial companies make their

own plans which are coordinated with the chairmen of the district, respectively of the municipal, commissions on which territory they are situated.

3. Practices were established of holding preventive activities. The commissions file potentially dangerous sites of the national economy following a single methodology, criteria and complex assessment of the risk. Specialized commissions investigate and control potentially dangerous sites of the national economy and give obligatory instructions. Trends since 1996 have shown a significant increase of natural calamities and production disasters and the degree in which they affect settlements.

Problems and priorities

The basic institutional weakness in the work is the great number of administrative structures which have a relation and taken part in the process of planning and overcoming the impacts of production disasters and natural calamities. It has been ascertained that the poor coordination among them leads to a reduction of the effectiveness of the acts and terms in which specialized formations interfere.

As objective difficulties can be indicated the shortage of material and financial backup, differing trends and processes of restructuring, change of property and its functional destination as well as a series of socioeconomic parameters.

With the existence of numerous regional and local plans and even of national projects, an insufficient coordination among the regulation-preservation-repair priority spheres is ascertained.

There is a raised construction activity leading at places to thickening of construction and an intensive change of the destination of arable land for non-arable (construction) purposes changing the configuration of settlements and their adjacent territories which raises the risk of disasters and damage from them.

In view of improving the acts of preventing of disasters and restoration of settlements, there will be adopted a law on crisis management. With it the basic institutional problem is resolved and the interaction, effectiveness and quickness of action are improved. This law will act in synchrony with the law on the conservation of the environment and the law on the regulation of the territory.

13. Promote effective and environmentally sound transportation systems

Current situation and progress made

The importance of the pollution of the ambient air from the transport (in particular with lead), defines it as one of the main priorities in the environmental policy underlying in the Environmental Strategy of Bulgaria - "Decrease of the exposition to lead aerosols resulting from the usage of leaded gasoline through encouraging the transition from leaded to unleaded gasoline".

Large share of the air pollution with lead aerosols is due to the usage of lead anti-detonators in the gasoline. About 46- 59% of the emissions of lead aerosols in the country are due to the motor transport.

In the average for the country, the share for 1000 inhabitants is from 11.6 kg to 22.98 kg. In cities with heavy road traffic the emitted amounts are much higher. In 1995 in Sofia from the transport were emitted 67 tons of lead. On one thousand citizens there is an imposing amount emitted lead aerosols - 56 kg.

The considerable share of the motor transport compared with the corresponding share of the other polluting agents, and the perspectives for the future increase of the vehicle fleet, impose the introduction of more stringent regulations concerning the environmental performance of the motor vehicles and the used by them fuels and concerning monitoring and the impact assessment of the emissions by the motor transport on the environment.

The main **problems** in this area could be summarised as follows:

- The greater part of the motor vehicles in Bulgaria at its present stage of economic development are old designed and aged. The import of old, second hand cars from Western Europe, Japan, the USA, etc. continues.
- The regulations of the European Union for the quality indicators of motor car gasoline does not correspond to the existing in the country vehicle fleet.
- Bulgaria holds one of the last places in Europe, regarding the usage of unleaded gasoline.

The **actions** to improve the situation in 1997-2000 included:

- Amendment of the excise tax law, part gasoline - discontinuity of the gasoline excise tax to be made for octane grades below 95 including and above 95 - bringing of the bill into the Ministerial Council
- Development and endorsement of standards for content of lead, sulphur and other polluting compounds in gasoline in accordance with the requirements of the EU
- Improvement of the quality control of imported fuels in order fuels out of current standards not to be imported - development of decree and bringing into the Ministerial Council
- Development of a law, ceasing production, import and distribution of leaded gasoline by 31.12.2003
- Activities concerning the distribution system - development and endorsement of an act of the Ministerial Council, stipulating:
 - Introduction of technical requirements for the gas stations concerning storage and transport of unleaded gasoline in order not to be mixed with leaded ones - development of a regulation
 - Introduction of quality control in gas stations of fuels for sale - development of a regulation
 - Introduction of adequate sanctions for the distributors, offering fuels out of standards
- Development and endorsement of emission standards for exhaust gases of motor vehicles - harmonisation with the Directive of the EU
- Joining to the Agreement for acceptance of equal conditions for official approval and mutual recognition of the equipment and parts of the motor vehicles - Geneva, 20.03.1958

- Development of economic incentives for increase of demand for new cars, that can be run only on unleaded, as well as for increase the demands and production of catalysts
- Development and endorsement by law, measures for decreasing of import of technical amortised and second hand cars
- Undertaking of measures for improvement of the control of motor vehicles for content of polluting compounds in exhaust gases when both annual technical inspections and sudden inspections are conducted
- Exerting a control of the authorised services, conducting annual technical inspections of the motor vehicles
- Extending, updating and maintaining of the car fleet register
- Dissemination throughout the general public of the benefits of the switch to unleaded gasoline by use of the mass information means - technical and health aspect

Priorities

- Equipment and revamp of refineries for production of high octane gasoline grades
- In order the consumption of unleaded gasoline to be stimulated, the excise duty for this grade to be at least 20% less than this for the leaded grades.
- The new and the eventual producers of gasoline in Bulgaria to be allowed to produce and sell in the country only unleaded gasoline.
- The importers of cars to certify that the engines are fit for the usage of unleaded gasoline.
- A law prohibiting the import of leaded gasoline to be passed.

14. Support mechanisms to prepare and implement local environmental plans and local Agenda 21 initiatives

Current situation and steps taken after 1996

A significant part of the global Agenda on sustainable development started to be implemented at a local level through municipal programmes Agenda 21.

In Bulgaria besides Agenda 21, the local initiatives of sustainable development are called also Sustainable Cities, Cities of Health or Sustainable Communities. Projects in this direction are developed in a series of municipalities - Veliko Turnovo, Burgas, Kurdjali, Pazardjik, Belogradchik, Ruse, Velingrad, Asenovgrad and others. The main acting persons in these initiatives are the local authorities, NGOs, associations of the municipalities, business organizations and international programmes.

The accumulated experience during the last nearly 3-4 years helped to determine some universally valid factors for successful planning of Local Agenda 21. They include realization of broad consultations with groups of the community; engagement of all affected and interested social groups in the creation of a coordinating body; definition and assessment of the local needs and priorities; definition of procedures of monitoring and reporting, including local indicators, which register the advancement; realization of demonstration projects linked with the local priorities of sustainable development. The experience shows that the process of preparing Local Agenda 21 can be started on an initiative both of the local authorities and of NGOs or by social groups. In any case, however, is necessary enough time, perseverance and patience to create confidence among the partners, both among the very groups, participating in the process, and among the groups and the local authorities.

The sections that are contained in the Local Agenda 21 depend on the local needs and conditions. At the same time, **through cooperation between the local, regional and national management, the agenda is complied with the policy at all other levels.** Such partnerships are used for instance to prepare guidelines of the local energy policy, the conservation of the environment or the planning of the transport, based on the national plans.

Institutions

After 1996 significantly was improved the institutional environment for promoting the programme Local Agenda 21. Strengthened and expanded its activity the **National association of the municipalities in the Republic of Bulgaria** as well as the **Regional associations of the municipalities.**

Besides the associations of the municipal authorities, an important institution, securing the successful application of the principles of sustainable development in the management at all levels is the **National commission of sustainable development**, created within the Council of regional development at the Council of Ministers. Basic tasks before the National commission of sustainable development are: to help the formulation of the state policy of sustainable development and to recommend measures for its realization; to assert indicators of sustainable development; to popularize the programme Local Agenda 21; to propagate cases of good practice and good technologies; to offer approaches for partnership between the interested parties; to assist the creation and the support of national networks of municipalities, which implement the programme Local Agenda 21.

Positive conclusions and results.

- The process of creation of Local Agenda 21 represents an effective approach of realizing sustainable development at a national level. The strategic planning at local level is turned into an **important instrument of the management** through it. Support to this process alleviates the complex planning at national level. This type of planning is supported, facilitated and even required by the government within the process of multilevel planning of regional development following the adoption of Regional Development Act (1999).

- The programmes for Local Agenda 21 **secure the social support** to the municipal policy. In exchange for its open attitude and political will to work on the basis of partnership, the municipal authorities receive confidence which is vitally necessary for an effective management.
- The processes of preparation of Local Agenda 21 give an opportunity for the **development of doubly winning strategies**. As a result of this can be created partnerships between public and private sector, vertical cooperation in the economic sectors or a better use of the economic potential of a city, municipality or district.
- The programme Local Agenda 21 **asserts the understanding and stability in the relations among the different social and ethnic groups** in the society.
- The existence of a municipal Strategy for sustainable development becomes an important prerequisite for a **successful development and application with projects for financing** from internal and external sources.

Main obstacles

The main obstacles in the process of creating and applying the Strategies for sustainable development are:

- The **lack of sufficient capacity in the municipal authorities** for the development and effective implementation of the programme Local Agenda 21.
- The **limited initiative to and control** over the own activities of municipalities due to the strong dependence on state subsidies, low qualification of local officers, old-fashioned style of thinking and lack of confidence in the civil society capacities.
- The **lack of sufficient understanding of the problems of the environment and publicly accessible information** about the condition of the systems in a municipality and their development opportunities.
- The **lack of qualitative control in respect to implementation of the laws on the side of the state institutions**. If a local working group demonstrates an initiative to restore damages of environmental pollution, but the government does not sanction the reasons for the pollution and if the local authority has not power to act, the initiative remains without result, and the group - unmotivated in its work.
- The **lack of a clear national policy on sustainable development issues** (especially in the sphere of the energy, transport and environment). **Some approaches in the state policy have a negative effect** in respect to sustainable development and practically hamper the local efforts in this direction. Such an unsustainable policy includes subsidies, supporting activities, which cause pollution, like for example low prices of energy for polluting productions or maintenance of the use of chemicals in agriculture.

Necessary support to the programme Local Agenda 21 at a national level:

- To develop, adopt and implement a **National Strategy for sustainable development** which outflows the aims and tasks an environmental action plan can set.
- To **expand the practical application of the principle of subsidiarity**. Municipal authorities have to be given not only responsibilities but also access to financing, human resources and finance development guidelines as well as involvement in investment decisions, concerning local communities.
- To **popularize the successful practices** and facilitate the process of exchange of experience.
- The **removal of legal and administrative restrictions**, which hamper the realization of Local Agenda 21 and the international cooperation of the local communities. Such restrictions exist in the sphere of each ministry, so it is necessary to activate and fill with content the activity of the National commission of sustainable development. Gradually, this body has to take the responsibility and to secure conditions in which the national investment programmes render an account of strategies and tasks set in the plans of action under Local Agenda 21.

CHAPTER 4: ECONOMIC DEVELOPMENT

15. Strengthen small and micro-enterprises, particularly those developed by women

Current situation

In the private sector already work 1922184 people in 205804 companies, most of which are SME. In Bulgarian economy prevail companies with a staff of less than 10 people and self-employed. The share of the private sector is on the rise and in 1999 reached 57% from GDP, 67% from gross added value and 64% of employment.

Still however the majority of the companies act in sectors with low level of capital consumption. This is one of the reasons due to which the private sector cannot fully respond to the expectations to consume structural unemployment.

Against this background, the development of SMEs like an alternative of social networks of the state turns into a necessity. According to 1997 data most of the private economic subjects are one-man merchants. Their number is 113773. From the enterprises giving work to employed workers 73.23% hire average of two people meaning private business in Bulgaria is still small.

At the same time interest displays the dynamism of the very companies. According to registers at the end of 1998 existed 486764 active (not liquidated) companies however only 214431 gave reports for the year. The remaining (more

than half) exists formally, but either do not function and the owners have not passed a procedure of liquidation or function in the "shady" economy.

The regional distribution of economic subjects also gives material for thinking. Observed is a certain correlation among the development of SMEs and the dynamism of unemployment - the regions with a high degree of development of the private SME are usually regions with a low unemployment and vice versa.

SME and survival strategy

The SME problem is shrunk home demand and the impossibility of small economic subjects to market abroad.

This often turns the created SMEs into a means of individual survival of the people who start own business not so much with a perspective of its expansion but because this among the little real alternatives of unemployment and dependence on the state.

This also means that it cannot be expected from the SME to resolve automatically the unemployment problems - even according to most optimistic scenarios of its development it will be unable to consume the existing and anticipated unemployment. It is necessary to develop short strategies of actions in these regions.

Existing obstacles to SME

Business traditionally (and justifiably) complains of obstacles in the following fields: taxation, insurance deposits, license regimes, and difficult access to credit resource.

Actual data for taxation and its impact on business gives the analysis of the Market Economy Instate and the Economic Analysis Agency "Economy in Shade in Bulgaria". 1999 taxation and social insurance was an average of 42.4% and for 2000 rises to 44,2% which is not just a negative stimulus for business development but makes the alternative price (the risk of operating in the shade) more attractive.

Another constant complaint sphere is access to credits. Though in the country are active a series of SME crediting projects (SME PHARE credit line, encouraging bank, program of crediting SME by KfW, credit lines of most of the commercial banks), the access to credit resource is still a problem. The main reasons are the following: enterprises do not have a veritable credit history; business plan quality is low; there is no active collateral, especially of nascent businesses, expenses on granting small credits are comparable to those for big ones while the profit for the banks is incomparable.

As a result both sides - bank sector and small business - still speak different languages. There is an empty market niche of loans within 5000 to 15000 leva which the bank sector can fill in with a difficulty. Especially important role in this respect can play microfunding institutions, which currently are fledgling in Bulgaria (to a great extent because of the unfavorable for them law frame). Global experience shows that microfunding is the way of fledgling businesses receiving their first credit resource, start accumulating experience and credit history.

Specific changes over the past few years

The state is convinced that the reduction of taxation increases tax revenues in long run (first, by increasing business activity and second, by making tax escape less attractive. Specific expressions of this are the changes in the 2001 tax and insurance regime. 2001 corporate tax level is reduced from 20 to 15% of taxable income of 50000 leva and from 25 to 20% for income over 50000. Pension insurance deposit is reduced by 3%.

In early 2000 the government adopted a program of removing license regime as part of the general strategy of business liberalization. The specific results of these measures are expected in 2001.

In 2000 was adopted a package of measures of encouraging employment. The budget takes up for a certain period the insurance deposits of newly appointed.

Women entrepreneurs

Data on women-owned or run business are sporadic⁸. There is an interdependence between the level of labour activity of entrepreneurial activity of women. Men employment coefficients are higher at all ages.

As to women entrepreneurs according to the NSI they number 115 thousand. Of them however only 15000 (13%) have employed. The majority (87%) have none. This is 6% more than the share of self-employed from the total share of men entrepreneurs.

Data shows poorer entrepreneurship among women is not due to special business hitches or discrimination. Women seem to show weaker aptitude to entrepreneurship which can be explained with economic and cultural reasons.

16. Public-private partnerships

The issue

The necessity of cooperation between the State and the private sector is stipulated by the very parameters, within which the transition to market economy takes place (not only in Bulgaria). The two basic parameters are:

- Restricted access to financial resources due to low levels of domestic savings and insufficient foreign investments. As a result the issue of decapitalization and lack of opportunities for fresh investments, year after year becomes more and more serious. A negative trend of investment activities can be observed for the whole period of 1990-1997 with the exception of 1992 and 1994. Things get improved in 1999, when the relative share of investments in end-used GDP was increased - the gross formation of assets had a real

⁸ See Survey of Women Entrepreneurs and the Role of Women in Economic Transformation of Bulgaria, Foundation for Entrepreneurship Development, Sofia, January 2000.

increase of 25.3%, compared to 1998. Nonetheless, the relative share of GDP investments is below 16%, which is extremely insufficient for a decapitalized economy like the Bulgarian one.

- In parallel, due to the Currency Board restrictions, central subsidizing diminishes and the state progressively withdraws from economy. The outcomes are especially visible in regional terms, where the system of "branch productive units" collapsed and leaved whole areas without occupation.

Possible approaches to overcoming of investment "starvation"

After 1998, the Government obviously follows the philosophy of economic growth, whose driving force are the central investments. A direct expression is the governmental programme "Bulgaria 2001" and its updated version '2000, where creation of 250,000 new work places per year is envisaged, out of which 60,000 – within the framework of budget financed infrastructure projects⁹. Important sources of funds are the pre-accession instruments (PHARE, SAPARD and ISPA). As the government plays a decisive role in decision-making too, these instruments can be interpreted as "funds under quasi-state control".

Still the sources in mind are targeted to large projects of regional importance. Similar projects can't change the local investment climate at the level of a municipality and a human settlement. At the same time most municipalities own resources unconvertible in cash now, but being able to enter into economic turnover (buildings, land, etc.). This can be realized in the frameworks of a public-private partnership.

The most popular option of public-private partnerships in Bulgaria is the co-financing and sharing expenses within a common investment project. The usual parties of such projects are municipalities and private companies. Municipalities contribute municipal property in specific joint ventures and private companies participate with "alive" capital, technologies and know-how. Successful practices in investment initiatives have the municipalities Sevlievo and Sofia. Apart from the investment sphere, public-private collaboration develops in education too (the American University in Blagoevgrad is the best example, as well as the New Bulgarian University and the Bourgas Free University). Before the start of the health insurance reform, public-private collaboration in healthcare took place in different forms too, which contributed a lot to conceptual and psychological basis of the real reform in healthcare.

In future, public-private partnership seems to become the most-promising way of fresh investments attraction in regions of secondary priority (i.e. out of the scope of large governmental investment programs). It can introduce into economic turnover assets, that are currently out-of-use and loose value year by year. This can be the only chance for small and medium municipalities and human settlements. The relevant legislative framework is available as a whole – mostly regarding the 1995 Concessions' Law, later amended in 1997 and 1998.

CHAPTER 5: GOVERNANCE

17. Promote decentralization and strengthen local authorities

Legal framework

According to the constitution of the Republic of Bulgaria the municipality is the basic administrative-territorial unit of the local self-government. In the territory of the municipality is included the settlement - administrative centre (usually a city) and component settlements - villages. With the constitution and a series of regulatory laws are determined the general framework of the management and self-government in the municipality and the degree of decentralization

The municipal council as a representative organ of self-government determines the policy of the municipality and the settlements for their sustainable development. The council is elected on the proportional system direct by the population for a term of four years. Within the frameworks of the competence it has been granted it resolves the local problems, linked with the economy, the conservation of the environment, health, education, culture, urbanization, communal activities, spatial planning, the municipal property, the safety of traffic and public order, social assistance, the development of sport, recreation and tourism, as well as the preservation of the culture of municipal importance.

The mayor of the municipality is elected direct by the people on a majority system for a term of 4 years. In implementation of his powers according to the law and in his capacity of an organ of the local administration he carries out managerial, methodical-coordinating, executive and representative functions.

Steps to decentralization

The central authorities in view of consolidating the activity of the local authorities carry out an **active and lasting policy for encouraging the decentralization of the management**, which has been activated since 1996 with the development of the normative basis of the local self-government and the starting of the administrative reform. New laws were adopted on: consulting the people, the municipal property, the municipal budgets, the regional development, as well as the laws on the administration, on the state official and others, having a direct relation to the

⁹ According to the updated program Bulgaria 2001, investments in the public sector will reach the amount of 4 430 mil. leva. As of the end of April 2001, the total expected number of new work places has been 25000. The program is accessible at <http://www.government.bg>

reform in the local self-government and in the administration. The Republic of Bulgaria ratified a series of international conventions (The European Charter of Local Self-government, The European Framework Convention on Cross-Border Cooperation and others), with which were expanded the possibilities of the local authorities of an active participation in national and international initiatives and events.

With the new changes was perfected the model of territorial decentralization, which led to a consolidation of the functioning of the local authorities. The **basic elements of the model** include the following more important provisions:

- Constitutionally and legally are granted new concrete powers to the municipalities and to their elected by the population organs to manage the local affairs at its own responsibility and within the law.
- These elected organs are characterized with a normative, territorial, organizational, financial and human resource independence from other units and organs of the public sector and from the central authorities.
- The municipalities dispose of their property, have an independent budget, which they autonomously administer, dispose of own revenues and manage the municipal sources, by taking decisions regarding them within the general national framework.
- There are real possibilities (a local referendum, a general assembly and a list of signatures) of a broad participation of the population in taking a decision on a management of the local processes, linked with the sustainable development, the municipal property, the conservation of the habitat, the development of the infrastructure, the services, the local economic development and others.
- Conditions and prerequisites are formed of a development of a mutually beneficial partnership among the central authorities, the local business, the non-governmental sector and the citizen organizations in view of an encouragement of the political and socioeconomic dialogues among all participants. There are conditions of developing initiatives of a national and international cooperation and association of the local authorities in implementation of effective approaches of sustainable development of the cities.
- The local authorities have an administrative independence to create an effective, functional and institutional organization in their immediate activity, to organize independently a managerial staff and to form rational administrative norms of its functioning, including to pursue an active policy of training, qualification and requalification of the staff.
- The local authorities in their activity are assisted by the state through the system of subsidizing (general and earmarked subsidies), as well as in the implementation of local instruments of generating additional revenues.

Main obstacles and weaknesses

Along with the achieved results in the carrying out of the administrative-territorial and the administrative reforms in our country, there should be noted some **weaknesses, which have a negative impact on the self-government of the municipalities and the sustainable development of the settlements**:

- Lack of clear rules and regulations in differentiating the separate competencies between the state and the municipalities in a series of important sectors like health, education, social activities, infrastructure and others;
- Formation of a certain annual deficit in the budget of a great part of the municipalities, linked with their limited resources and insufficient own revenues. The independence of the municipalities is still limited in forming their own incomes, mainly in relation to their possibility of independently determining the amount of local taxes and duties;
- There is still a significant fluctuation of the staff of the municipal administration and a low level of professional qualification;
- High degree of politicization and partisanship in the activity of the local organs of management and self-government in the municipalities, leading to a polarization and in some cases to a change of the majority elected mayors after a decision of the municipal councils taken with a majority of over 1/2 of the number of councilors;
- Lack of traditions and an attitude in the partnership of the local authorities and the individual participants (citizens, private business, non-governmental organizations) in the pursuit of an effective policy of sustainable development and construction of the municipalities, cities and settlements.

The resolution of these problems is a forthcoming task of the organs of rule in the country, which requires both constitutional and legal changes in the acting normative regulation, and concrete decisions of the central executive authorities.

18. Encourage and support participation and civic engagement

Problems of the civil participation and the NGO sector

The democratic society is created by citizens who manage to use their freedom, to join actively the debate of topical issues of the country and the local community, to elect their representatives, responsible for their acts and to open dialogue as a means of communication, tolerance and compromise in the long way of change and development. The aspiration to the civil society is an aspiration to perfection of the contacts among the people and institutions, in which the initiative, proposals and solutions come from down upwards. In Bulgaria, after a half-century existence in the conditions of a strongly centralized and authoritarian governance, people find it hard to find their place in the complex functioning of the democratic institutions. The freedom is responsibility, of which society proved insufficiently prepared.

During the period of transition to a democratic governance there emerge the necessity of consolidating the role of civil organizations in social management, who should be able to present the need and opinion of the people and thus involve them directly in the process of decision taking. During a brief time there emerged many NGOs, representing different groups of people. Today in Bulgaria there are registered over 5,000 NGOs but their functioning and the effect from their work cannot be considered satisfactory. A small part of them are aware of their mission and are actually devoted to the idea of being a corrective and a stimulator in the management of public affairs. But a great part of NGOs practically turns into small or bigger consultancy companies, existing thanks to the experience to win projects, funded mostly from external sources. There also exists the problem of communication and cooperation among the organizations themselves. Competition, typical rather of business organizations and among R&D teams, conquered a huge portion of NGOs. The existence of a certain mistrust among the organs of state and local government and the civil organizations, the opposition of aims and interests, leads only to the deepening of the problems, and not to their settlement. There is a wrong idea of the mission of NGOs as a compulsory opponent of the authorities, and not as a partner, which should help the discovery of the needs of the people and indicate alternative solutions to attain the goals of the change. The indicated problems and their results are illustrated by the data in Annex 11.

The state and the local authorities have very limited financial resources and at this stage are not able to support with funds the activity of NGOs. Meanwhile there are a number of mechanisms of cooperation and dialogue, which if applied successfully in practice can give very good practical results. Important for the NGO's is the enactment of a Law on the legal persons working on non-profit basis, but it does not change significantly the conditions for their activities.

Working solutions

In the last few years in a series of Bulgarian municipalities (for example in Lovech, Stara Zagora, Burgas, Pleven, etc.) were created associations of the local NGOs, which established a regime of regular contacts and dialogue with the local authorities. In other places (Gabrovo, Sevlievo, Troyan, Teteven, Tryavna, Apriltsi, Svishtov) started to function the so called public forums, where representatives of various NGOs, civil groups, representatives of unfavoured groups, of the business, the academic circles and the media discuss the local problems and offer opportunities for solutions from the municipal authorities. These forums do not take the functions of local self-government. Their decisions have only a recommendable value, but through them are realized consultations with a much broader circle of people and is guaranteed a real participation of the people in the social debates.

The main results from these initiatives are linked with the consolidation of the civil society, the change in the way of thinking of the people and the encouragement of partnerships at all levels. They are a serious contribution to the development of individual democratic practices and civil culture in the Bulgarian municipalities. The accumulated experience is an important stimulus for the future activity of the participants at all levels:

a) At a municipal level: the created partnerships help satisfy the new needs and in accordance with the new priorities; the media campaigns raise the information of society and its support, including the direct raising of funds for future activities.

b) At a regional level: the participants in concrete projects in the pilot municipalities are a source of technical assistance for similar initiatives in other municipalities; the practical results from the projects help the formulation of a strategy and vision of sustainable development in the whole region.

c) At a national level: the experience and successful practices are propagated through networks of contacts among the municipalities in the whole of Bulgaria; the newly acquired skills are used for lobbying in favour of reforming the existing system of local self-government.

19. Ensure transparent, accountable and efficient governance of towns, cities and metropolitan areas

Legal framework

The Bulgarian legislation regulates the **freedom of expression** and any citizen has the right to express opinion on the immediate management of the local authorities and bring it to the knowledge of the respective municipal bodies. **The right of information is protected regarding the activity of the local authorities**, which is secured through the possibility of the citizens taking part in the public sittings of the municipal council. The transparency of the actions of the municipal administration is realized through the compulsory announcement of the decisions of the municipal council to the population, while the mayor of the municipality and the municipal administration announce their intentions and the report on their activity. In this direction the possibility of the citizens using information about the activity of the local authorities is concretized also in the Public Administration Access Act of 2000.

With the starting of the administrative reform in the country (1998) the problem with the **efficiency of the administrative activity at a local level**, imposed the seeking of new, more rational solutions. The basic Law on local self-government and local administration does not regulate explicitly the content and essence of this activity, but it gives the possibility through the Regulations of organization and the activity of the municipal council and the municipal administration (in brief, the Regulations) to regulate a series of questions in this direction. Thus for instance as concerns the structure of the administration it is envisaged for it to be developed by the mayor of the municipality and to be offered to the Municipal Council for assertion. The Council has the right to determine the total number of staff, the number of the structural units and services, their name and the type of duties. On the other hand according to the special Law on the administration, the municipal administration is divided into general and specialized. **The general administration** secures technically the activity of the administration, as well as the activities of the administrative servicing. **The specialized administration** includes the units, which assist and secure the realization of the powers of the respective organ. The denomination and number of the units in the general and specialized administration are

determined in the Regulations. During its elaboration, however, in this part should be taken into account the regulations of the unified classifier of the duties in the administration and the Regulations of its application. In accordance with the population, the municipalities are classified in several categories. For creation of an efficient organization of the activity of the municipal administration within the frameworks of the Regulations are regulated the general powers of the individual units, while within the respective duty characteristics, the education and the forms of interaction with the remaining duties and units. For their part the **officials of the municipal administration are classified** in three groups - managerial, expert and technical. The law requires within one month after the adoption of the Regulations to assert the duties, the duty characteristics and the type of the legal relation of the officials.

The combination of the requirements of the basic law on the local self-government with the regulations of the special laws of the administrative reform creates real prerequisites for an improvement of the efficiency of the very activity in the municipalities. And also without violating the general regulations, the local authorities can themselves determine their internal administrative structures in view of their adaptation to their specific needs and thus secure an efficient management.

Provision of high-quality services for citizens

The municipalities in the Republic of Bulgaria have a legitimate interest (supported with legal provisions) to secure a **quality of the offered services to the citizens**. The basic sphere of activity of the local administration in offering services is the administrative servicing. Powers in performing administrative services have the officials, determined in the Law on local self-government and local administration, as well as those, according to the order of the delegated competence. In view of improving the effectiveness and quality of the administrative servicing it is envisaged to carry out the following national and local measures: actualization of the Classifier of administrative services; introduction of technological standards and schemes (recommended) for their backup; unification of the documents and perfection of the organization of the implementation and a specific regulation of the functional duties of the officials in units in the municipality.

As regards the spectrum of public services, in which the municipalities take an active part, two types of services are formed for the citizens and the organizations:

- Services, in which the consumer has a right to a choice, due to the broad spectrum of possibilities of their presentation - municipality, state, private sector and others;
- Services, which by force of the law or due to their specific nature are offered only and solely by the municipalities.

The pursuit of a lasting policy of improving the quality of the offered services, requires the municipalities jointly with the state to orient their efforts to:

- Creation and further development of standards of servicing (in certain cases compulsory, in view of securing a parity) and listing of the organ that determines them.
- Decentralization or reorientation of part of the public services in view of improving the effectiveness in their granting (this requirement stems from the reforms in the spheres of health, education, social assistance, the infrastructures and others);
- Development of the forms of voluntary cooperation in offering public services and elaboration of indicators of effectiveness through a comparison of the expenses with the general results;
- Development of the participation of the citizens and their associations, the non-governmental sector and the consumers with an enhanced control over their very realization
- Formation of a financial regime with the participation of the state, with which to encourage a high quality of the offered services (concretely for individual spheres).

Civil participation

Another form of a responsible and transparent management of the municipalities and the cities is the **direct participation of the citizens in the solving of local issues**. Their direct participation in the management of the municipality is realized through a local referendum, a general assembly of the population and a list of signatures. The local referendums are held only on important issues of local importance, which are within the competence of the organs of self-government and for which this is explicitly envisaged in a law. They can be held in the whole municipality, in the individual settlement or in a separate region of a big city. The decision on its holding is taken by the municipal council with a qualified majority. The resolution of important issues for separate municipalities, cities and villages, regions and quarters of the cities can be effected also through a general assembly of the population. Through a list of signatures, the citizens make a proposal to the municipal council of resolving important local questions as well as for holding a referendum or a general assembly. The municipal council considers the proposals and takes a decision on them.

There exist legal regulations regarding the right of the citizens of an initiative of the application of one or another form of direct participation and of expressing a public attitude (including also of local discussions, a public assessment of urban projects, an assessment of impacts on the environment, as well as investment projects, programmes and plans of sustainable development of the cities and the settlements) in solving important local problems.

CHAPTER 6: INTERNATIONAL COOPERATION

20. International cooperation and partnership

The 1996-1997 economic situation and the huge effort of national institutions to attain macroeconomic and financial stabilization turned external help into a decisive factor of applying national strategy plans and programs, including those linked with Habitat Agenda. The global community as a whole responds to this need. In 1998 outside support totaled US\$ 1,5 billion, a rise of 45% on the previous one, and 13% of the sum are grants, the rest are credits (1997 grants were 22%). Most of the donors refocused their projects to support accelerated economic reforms, but 50% of the sum went to support the payment balance.

There is no information on the part of the funds directed to spheres covered by Habitat Agenda. Though there is an annual report on outside support (International Cooperation for Development – Bulgaria) the projects cannot be clearly differentiated and regionalised. In sectors international support goes mainly to management and economy (56%), infrastructure (17%) and industry (15%). The remaining small part is distributed evenly among social development, health, environment protection and "others".

With the start of the pre-accession instruments of EU significant rise in the share of grants is expected. All the three instruments have a direct relation to the problems of urban development (ISPA - for improvement of environment and transport accessibility of human settlements, SAPARD - for the rural development and PHARE - for social and economic cohesion through different projects like business infrastructure development, revitalization of human settlements, transport etc.).

In 1995 Bulgaria ratified the UN Climate Change Convention and in 1998 signed the Kyoto protocol on restricting national emissions of carbon dioxide. Implementing the documents there is a monitoring of emissions and a national plan of action to reduce emissions is prepared linked with Parliament-adopted national program of energy efficiency.

In 1999 Bulgaria ratified the outline convention on cross-border cooperation extending the possibilities of direct cooperation between local and regional authorities from the two sides of the border and helping to improve the exchange of information on activities among different levels and partners. Adopted are coordinated government programs on cross-border cooperation with Greece, Macedonia and Romania and are realized numerous meetings and seminars. Romania and Greece programmes are supported financially through the EU PHARE programme. The country is member of the Stability Pact for South-East Europe from its beginning.

In 1998 in Sofia a regional conference was held in the frames of the European sustainable cities campaign, organized by the International council for local ecological initiatives /ICLEI/, on which was adopted the charter for sustainable development of the cities in Central and Eastern Europe.

In 1997-1999 in the frames of a project of the British know-how fund a project was developed for a national housing strategy, outlining the principles and mechanisms for reform in the housing sector.

The program Capacity 21 carries out an exceptionally active activity on the application of Agenda 21 at the national and local level. The program facilitates testing of sustainable development models at the local level and from year 2000 - at the regional level too. With its support a National commission for sustainable development was formed (1999). There are considerable analytic and informational activity on the problems of sustainable development, the development of educational programs and materials, work with the media going on.

The country actively participates in the development of the Guiding principles for sustainable spatial development of the European continent, adopted in September, 2000 by the European conference of the ministers on charge for the territory planning in the member-countries of Council of Europe, and also in the development of Strategies for integrated regional development of the Central-European, the Danube and Adriatic area (Vision Planet).

In 2000 with the support of ICLEI Bulgaria joined the Global urban observatory. A national database for city development and also database and reports on four cities were created.

Since 1997 Bulgaria has been included in the EC net for monitoring and information on the environment. There are 42 measurement points from the national system for environmental monitoring included in the net. Through the executive agency on environment and sustainable development the country participates in EIONET (the net of the European environmental agency).

In the period after the Istanbul conference (1998) there has been a considerable activity also in the direct contacts and partnership between Bulgarian municipalities and municipalities from other countries, which in most cases answer the goals of Agenda Habitat.

In the field of international cooperation and effective use of outside financial and technical assistance can be outlined the following problems:

- In the processes of international cooperation are involved numerous organizations, including those from the private and public sectors and donor program officials at different levels, and the bad communication leads to lack of enough coordination and frequently doubling of activities.
- Donor programs working in the field of civil development, local authorities, regional development and other related spheres are often not demand driven and oriented to real needs but try to impose established by them but inadequate to Bulgarian conditions approaches and practices.
- Due to bad coordination and in certain degree also to "the comfort" of working with experienced partners is observed a concentration of support in one and the same municipalities and regions, i.e., formed are benefiting and unbenefiting regions.
- Insufficient coordination is to be seen in the Habitat activities over the past years, a clear example of which is the lack of nominated national coordinator and National Committee.

- The financial restrictions do not allow a broad involvement of officials, especially of the public sector, in the majority of international events linked with the actions of implementing the Habitat Agenda.

CHAPTER 7: FUTURE ACTIONS AND INITIATIVES

This chapter presents in a summarized way the priority actions and directions in key areas of urban development, derived from the analysis of the situation and the progress made since the Istanbul Conference. They should be interpreted as expert revision about what is required and not as a formulated and approved political program.

21. Priorities for development of the housing sector

Summarizing the analysis, made so far, the following large-scale issues can be outlined:

- Helplessness of homeless and disadvantaged;
- Deterioration of housing stock due to inadequate maintenance;
- Loss of housing, due to unregulated conversion into commercial one;
- New-housing output is bellowing the minimum to secure reproduction of the stock;
- Low paying capacity of the population;
- Lack of affordable housing;
- Undeveloped housing markets

A distinct housing policy, strategy and planned reforms have to be urgently targeted to the housing sector with the following main tasks:

- To support production of new and affordable housing
- To prevent losses of housing stock, due to inadequate maintenance
- To provide direct help for homeless and disadvantaged
- To prevent losses of housing stock for other, but residential needs

The practical implementation of these tasks requires implementation of an institutional and housing finance reform.

The institutional reform has to be targeted to:

- an adequate institutional framework of the housing system;
- distinct definition and real undertaking of public responsibilities to housing;
- a motivated institution for practical implementation of the National housing policy;
- real decentralization of the housing system (its' real functioning is in the relative independence of local governments and the provided opportunities for support from the "center" - at request and at certain conditions).

Accomplishment of an institutional reform includes establishment of a National Housing Agency with a National Housing Fund and a legal basis for establishment and development of housing associations. This implies elaboration and adoption of a special law or a set of laws.

The housing finance reform is expressed in introduction of a new system for direct and indirect subsidizing, a new housing savings system and adequate housing mortgage instruments.

The practical activities of the state, regarding housing are to support, stimulate, restrict, sanction, plan and monitor. The subsidy and taxation systems contain most of these functions. Therefore their elaboration and introducing can be considered as priority prerequisites for solving of the outlined issues.

22. Priorities for sustainable urban development

Bearing in mind the current situation and the problems accumulated during the post-war period and in the transition period during the last 10 years and in order to achieve sustainable urban development actions and initiatives in the following areas are required:

a. Priority actions in water supply and sewerage systems:

- reconstruction of existing water supply networks to reduce the water waste
- harmonizing the Bulgarian legislation with the EU directives regarding the drinking water quality
- securing enough (in quantity and quality terms) water supply in human settlements during the whole year (overcoming the existing water regime)
- replacing the worn out sewerage networks and complete the construction of sewerage networks in cities and resorts

b. Priority actions to reduce urban pollution

- construction of desulphurization facilities at large thermal plants
- enhance the nature gas supply for households and industry and establish the required infrastructure
- completion of waste water treatment plants in cities and resorts
- raising the environmental and hygiene awareness and introducing efficient forms of refuse collection
- expanding the public transport networks and improve the quality of transport units

c. Priority actions to improve the city structure and physical environment

- restructuring and renovation of existing housing complexes and rehabilitation of buildings in order to improve their energy efficiency, functionality and aesthetics
- improvement of street network and appearance
- efficient protection of public green areas through legislation and urban plans as well as development of the green systems in cities and suburban areas
- efficient protection and socialization of the cultural heritage in Bulgarian cities and towns
- completion of stopped building of cultural, educational and health facilities

d. Priority actions for economic development

- broadening the opportunities for income generation and disposal with own resources by municipalities
- improve the capacity and competence of local authorities to manage the economic development, incl. to cooperate with private sector
- development of skills to attract and efficiently use funds to support local economic development from national and international sources
- co-ordination and mutual complementation of human settlements development within bigger regional structures through intermunicipality co-operation and through regional development plans

e. Priority actions for social development

- counteract the tendencies to social and spatial polarization and exclusion, especially of minority groups, through inclusion of these groups in the management and solving of problems of human settlements and municipalities
- sustainable solution of employment problems through active policy measures in the framework of the elaborated local and regional employment programmes by special attention on increasing the qualification, competitiveness on the labor market and social mobility of disadvantaged groups
- establishment of an accessible working and living environment for handicapped people, incl. through legislation
- counteract the emergence of new dividing lines in the society by gender criteria especially in economic terms

f. Priority actions in municipalities' and human settlements' governance

- elaboration of a programme for staged broadening of decentralization and strengthening of local self-government in accordance with the real needs, social attitudes and the changes in the environment
- putting in the political agenda of the regional self-government issue with a comprehensive analysis of its possible effects, incl. from the point of view of local authorities and human settlement development
- closer relationship between the local agenda 21 planning processes and the "formal" planning and budgeting of local and regional development

An important pre-condition for successful implementation of these priorities is the bringing together of positions and practical actions of adherents of the "environmental" and "economic" interpretation of sustainable development, the adoption of a holistic approach to urban development and embedding it in the overall framework of the country's development.

23. Priorities for capacity building and institutional development

The successful realization of the policy of engaging the civil participation in the process of decision taking at a local and regional level to a great extent depends on the secured interaction between the institutions and NGOs for surmounting the existing weaknesses. There is a need of raising the capacity, skills and knowledge, both of the existing administrative and informal structures and of the very citizens. It is necessary to create new institutions based on the principles of the civil society and sustainable development. A huge role in this regard can play the media with the creation of a suitable information environment.

The institutional environment now is based on administrative structures, which have a series of weaknesses, such as:

- Difficult contacts and violated interaction among the local authorities and the NGOs, a result of the political opposition, centralization of resources and lack of confidence;
- Insufficient cadre backup of the institutions at a regional and local level for the holding of an effective regional policy;
- Administration of the approach in the interaction among the district and municipal administrations and the NGOs.

The creation of a modern institutional environment in Bulgaria can be realized on the basis of the securing of the following prerequisites:

- Clear definition of the role of all local actors;
- Broad involvement of the local community by means of civil organizations and/or groups.

- Creation of working relations among the public and private sectors.
- Stimulation of the local entrepreneurial activity and broad involvement of outside investors.
- Raising the capacity of existing local institutions.
- Improvement of intercommunal cooperation;
- Effective interaction among the organs of local self-government and the civil organizations on the principle of parity.
- Creation of organizational structures, supporting with information and logistics the NGO sector in the priority spheres of development of the local community on the basis of a motivated involvement of all and responsibility of the attained results.

Besides improvements in institutional environment it is important to build capacity and opportunities for effective participation of all society groups, namely:

- Strengthen the capacity of local authorities and of different community groups to participate in the development of their municipalities
- Elaboration of local strategies for sustainable development (Local Agenda's 21)
- Implementation of demonstration projects as initial steps in sustainable development strategies implementation
- Dissemination of sustainable development ideas through national and local media
- Motivation of the public to participate in sustainable development processes

Main approaches to be used in capacity building and institutional development are:

- To identify and involve all stakeholders in the planning process from the very beginning
- To include a broad range of issues for discussion - economic and social development, environment, public infrastructure, land use, urban planning, local self-government etc.
- To focus through appropriate forms on local solutions - experts don't have a monopoly on good ideas
- To secure effective co-operation, involvement of local people from the very beginning by using local resources and satisfying local needs.

24. Priorities for international cooperation

- To identify and analyze the international financial and technical support directed to human settlements development
- To improve co-ordination by directing international support, incl. to increase the participation of local actors in this process
- To improve the awareness of local authorities and NGOs about opportunities for direct international cooperation inter alia through more systematic and broad dissemination of information both for the opportunities and already realized projects (good practices)
- To increase the sustainability of projects in support to human settlements development and to broaden the implementation of the demand-driven approach
- To improve the coordination and financial provision for Habitat-activities in Bulgaria

ANNEXES

Annex. 1. Changes in the main health indicators

Indicator	1990	1995	1996	1997	1998	1999
Crude birth rate, ‰	12,10	8,6	8,6	7,7	7,90	8,8
Mortality rate, ‰	12,5	13,6	14,0	14,7	14,3	13,6
Child mortality rate, ‰	14,8	14,8	15,6	17,5	14,4	14,6
Natural increase, ‰	- 0,38	- 5,00	- 5,40	- 7,00	- 6,4	-4,8
Total fertility rate	1,81	1,23	1,24	1,09	1,11	1,23
Average age of females at time of first birth (years)	22,1	22,2	22,4	22,7	22,9	
Total live births <1501 grams (births)	721	488	490	456	515	
Total number of abortions (cases)	144644	97092	98566	87896	79842	72382
Total number of maternal deaths (cases)	22	14	14	12	10	17
Infant mortality rate (overall)	14,8	14,8	15,6	17,5	14,4	14,6
Under-5 mortality rate	18,70	19,00	19,84	18,73	15,32	15,13
Life Expectancy - Males (years)	68,1	67,1	67,1	67,2	67,6	
Life Expectancy - Females (years)	74,8	74,9	74,6	74,4	74,6	
% of pregnant women receiving some pregnancy consultations	89,4	78,5	82,9	81,5	81,0	82
% of births attended by trained personnel	99,1	98,9	99,9	98,5	99,1	99,0
% of children immunised against:						
Diphtheria/Pertussis/Tetanus combined (DPT)	99,5	94,8	95,1	94,2	95,1	96,0
Polio	99,7	96,8	95,4	95,9	96,5	97,2
Measles Immunization (combined vaccine, 1-2 years old)	99,6	96,4	95,1	93,8	85,2	94,5
Tuberculosis	99,9	98,6	97,8	92,2	98,4	98,7
Diphtheria incidence (number of new cases)	0	0	0	0	0	0
Pertussis incidence (number of new cases)	26	77	40	44	40	123
Tetanus incidence (number of new cases)	7	7	4	5	1	10
Measles incidence (number of new cases)	147	172	695	23	81	24
Rubella incidence (number of new cases)	12839	10382	37152	5362	2536	4215
Hepatitis incidence (number of new cases)	23904	7772	6734	6734	7840	8843
Tuberculosis incidence (number of new cases)	2256	3402	3109	3437	4117	3732
Sexually-transmitted diseases (number of new cases)	5816	3689	4035	3847	4185	3745

Annex. 2. Occupation dynamism

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Occupied (mln. People)	3.56	3.27	3.22	3.24	3.31	3.29	3.16	3.15	3.07
Share of occupied	41.46	38.58	38.08	38.47	39.49	39.39	38.12	38.23	37.26

*Preliminary data, National Statistical Institute

Annex. 3. Average monthly minimum salary in US\$

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000*
Salary	28,47	31,49	44,77	32,66	36,88	21,76	20,23	29,10	34,78	36,12

* First half of the year

Annex. 4. Expenses from Fund "Professional qualification and unemployment"

	Total	Active politics expenses		Passive politics expenses		Other	
		BGL	% of total	BGL	% of total	BGL	% of total
1991	796 530	55 840	7,0	740 690	93,0		0,0
1992	1 490 325	165 782	11,1	1 324 543	88,9		0,0
1993	2 852 335	495 382	17,4	2 356 953	82,6		0,0
1994	3 707 862	740 214	20,0	2 967 648	80,0		0,0
1995	5 449 915	1 488 712	27,3	3 961 203	72,7		0,0
1996	8 855 855	2 735 845	30,9	6 120 010	69,1		0,0
1997	108 023 500	29 790 986	27,6	64 731 489	59,9	13 501 025	12,5
1998	140 445 059	43 885 258	31,2	80 746 780	57,5	15 813 021	11,3
1999	239 813 761	62 048 835	25,9	140 697 750	58,7	37 067 176	15,5

Annex. 5. Registered unemployment – distribution by sex and age

	1997		1998		1999	
	Total	% women	Total	% women	Total	% women
Totally registered	536,704	54	466,493	54	527,058	54
Under 24 years	117,075	53	86,891	52	91,815	51
25-29	80,415	55	67,790	55	73,490	54
30-44	205,644	56	183,670	57	208,201	56
45-49	63,717	58	59,380	60	68,665	59
Over 50	69,852	44	68,762	45	84,887	46

Source: The National Employment Office

Annex. 6. Correlation men/women in selected areas

	1996	1997	1998
Average age of women at first child birth	22,4	22,7	22,9
% of girls in secondary schools	0,49	0,48	0,48
% of women employed in other than the agricultural sector		47,5	48,0
Correlation b/n average salaries – women/men	0,69	0,71	0,73

Annex. 7. Population structure by settlement categories

Categories of settlements in the Republic of Bulgaria	Number of settlements	Population in them 1997	% of the population in the country
Very big city (over 400 th)	1	1,114,168	13.4
Big cities (100-400 th)	8	1,476,455	17.9
Middle cities (30-100 th)	24	1,396,356	16.9
Towns (10-30 th)	52	881,057	10.6
Very small towns (to 10 th)	155	740,604	8.9
Total cities	240	5,608,640	67.7
Villages	5,096	2,674,560	32.3

In cities live 5,608,640 people or 67.7% of the population in the country.

In villages live 2,674,560 people or 22.3% of the population in the country.

In villages and very small towns to 10 thousand live 3,425,164 people or 41.3% of the population in the country.

In towns above 10,000 live 4,868,036 people or 58.7% of the population in the country.

In 33 big and middle cities over 30 thousand live 3.986,979 people or 48.1% of the population in the country.

In 9 big cities over 100 thousand live 2,590,623 people or 31.3% of the population in the country.

In one very big city over 400 thousand live 1,114,168 people or 13.4% of the population in the country.

In 1998 with very small exceptions the natural growth in the cities is negative. As a result of a mechanic growth grow with very low rates only the big cities Sofia (+8000), Plovdiv (+2840), Varna (+1236), Burgas (+950) and the cities Kozlodui (+320) and Sevlievo (+250)

Annex. 8. Number of existing Urban Waste Water Treatment Plants, 1997

UWWTP (number)	Total	51
	With mechanical treatment	13
	With biological treatment	38
capacity (m ³ /day)	Design (D)	1 852 778
	Actual (A)	1 183 576
	(A/D)x100, %	64

Fifty-one urban waste water treatment plants with design capacity of 1 852 778 m³/day functioned in the country in 1997. Because of the uncompleted sewerage system and partial use of the treatment facilities, the actual working capacity

Annex. 9. Emissions of harmful substances in the ambient air in 1997

Pollutant	Units	1997	Change in %	Remarks
Gases				
Sulphur oxides	x 1,000 t	1,365	- 4	as sulphur dioxide
Nitrogen oxides	x 1,000 t	225	- 13	as nitrogen dioxide
Volatile organic compounds	x 1,000 t	533	+ 8	
Ammonia	x 1,000 t	77	- 7	
Carbon monoxide	x 1,000 t	515	- 16	
Dust and heavy metals				
Dust	x 1,000 t	265	- 13	
Mercury	t	4.3	- 9	
Cadmium	t	14.2	- 1	
Lead	t	231.2	- 17	
Stable organic pollutants				
Polyaromatic hydrocarbons	t	364	- 25	According to Bronev
Dioxines and furans	gr	309	- 9	According to a list of 15 types
Hexachlorbenzol	kg	47	- 46	

Annex. 10. THE EXPERIENCE UNDER PROGRAMME CAPACITY 21 IN THE MUNICIPALITY OF VELINGRAD AND ASENOVGRAD

The common vision of each of the two pilot municipalities is formulated as a result of numerous meetings and discussions with representatives of the public and the local authority. People are striving after a future where natural resources with which lavishly are gifted the municipalities (climate, forests, mineral waters, arable land ...) will be used in the most reasonable and effective way, for securing well-being and prosperity of all inhabitants. For them the basic aims of sustainable development are:

- Enlivenment of growth and a change in its quality;
- Satisfaction of the existing needs of jobs, energy and healthy living conditions;
- Preservation and increase of the resource basis;
- Modernization of technologies and management;
- Monitoring and adaptation of ecological and economic requirements in the process of decision taking;
- Conservation of the traditions and cultural-historical heritage.

The chief strategic directions of development of each of the municipalities are complied with its specifics, natural resources and century traditions are:

With the participation of specialists from the municipal administration, representatives of the citizenry, business and external experts was made an analysis of the existing situation and the trends in the development:

The aims of the analysis are:

- To give a quantitative and qualitative assessment of the processes, phenomena and trends of the last years which to a great extent determine the future development;
- To assess the possibilities of the existing potential for socioeconomic development and conservation of the environment;
- To define the processes, which do not respond to the requirements for sustainable development, as well as those which may stimulate this development;

The expected results from the analysis are:

- Creation of the necessary actual base of data of the existing situation, supported with quantitative and qualitative assessment of the parameters of the investigated municipal systems;
- Formulation of the observed tendencies in the development of the municipality and their comparison with those in other municipalities and total for the country;
- Conclusions of the reason-consequence links in the existing problems and formulation of variant possibilities for their overcoming.

The analysis of the existing situation and of the trends in the development covers the following basic spheres of municipal activity:

- Economy
- Social sphere
- Environment
- Public infrastructure and public services
- Division of the territory and the village network
- Self-government and democratization of society.

In the formulation of the basic strategic aims and tasks of sustainable development are observed the following important requirements and premises:

First: The strategy is worked in compliance with the principles, guidelines and requirements of local Agenda 21. Sought was a combination of the aims of the economic and social development with those of conserving and improving the state of the environment. Outlined are the strategic priorities for:

- Development of the local economy

- Social development and social processes
- Environmental protection
- Increasing the role of self-government
- Development and regulation of settlements

Second: Based on the philosophy that the main wealth of the municipality are the people, the strategy is aimed at the fuller use of the human potential and stimulation of civil participation. In its preparation took part representatives of the municipal council, the municipal administration, the civil organizations and business circles of the municipality. They formulated the vision, the basic municipal priorities and strategic aims of sustainable development.

Third: The strategic aims view one more lengthy period of time, but the concrete strategic tasks are limited in a seven year period till 2006. This time horizon coincides with the envisaged in the law of regional development range of the National plan of regional development. For this period are developed also regional strategies of development.

Fourth: The territorial scope of the development is within the administrative boundaries of the municipality but in the formulation of the aims and tasks are analyzed and reported the integration links and possibilities for cooperation with the other municipalities in the district and the Association of Rhodope municipalities.

Fifth: The plan of action which concretizes the implementation of strategic tasks is an inseparable part of the Local Agenda 21. In it are formulated concrete acts for the realization of the aims and tasks. These acts are guaranteed with a responsible implementor and term and also are indicated the expected results of their realization and the possible sources of financing.

One of the main responsibilities of the municipal leadership is to secure the necessary financing which to guarantee the fulfillment of the tasks of the sustainable development.

For the realization of this exceptionally important task, the leadership of each one of the pilot municipalities is engaged to:

- To participate actively in the work of the National alliance of the municipalities and jointly with the representatives of the other local authorities to work for the perfection of the system of state subsidizing;
- To develop a mechanism of the increasing of the revenues from the local taxes by securing the timely collection of the property and income taxes, those connected with the conservation of the environment and other indirect taxes;
- To collect adequate taxes for the communal and public services which the municipality grants to the citizens;
- To privatize part of the local services in order to reduce the financial burden and to secure a better quality and effectiveness in their granting;
- To realize partnership between the public and private sector by stimulating the sponsoring on the part of the private business of municipal programmes and projects and in exchange of this secures advertising and marketing of its activity;
- To stimulate the creation of mixed enterprises by preserving its control on the influence on the environment;
- To stimulate the process of privatization and in this way to generate resources of the sustainable development;
- To carry out entrepreneurial activity within the law;
- To carry out policy and programme for economies;
- To attract and partner with international financing institutions and programmes;
- Preparation and qualification of specialists.

Another important task which was set before the municipal leadership is to organize activity on raising the ecological culture of the population and popularization of the principles of the sustainable development.

The measures which have to be undertaken are:

- Securing of an overall access to actual information
- Inclusion of students in investigations about the state of the environment
- Encouragement of all sectors of society to preparation of cadres on the problems of the sustainable development
- Work with the mass media for participation of the population in the discussion of the problems of the sustainable development
- Studying of the experience of other municipalities from the country and abroad in this sphere
- Participation in programmes of international technical cooperation
- Mobilization of the international financial means and coordination of the programmes for creation of local potential.

Annex. 11. Assessment of the contribution of different actors in local economic development
(Bulgaria 2000. Human Development Report. The Municipal Mosaic. UNDP, 2000)

	Sector of the respondent									
	Admini- stration	Busi- ness	NGO	Media	Politics	Culture	Educa- tion	Religion	Other	Total
Representatives of which of the following sectors and units could provide best assistance to the municipal development?										
Municipal administration	48,0%	35,8%	60,4%	44,4%	36,4%	55,2%	45,3%	45,8%	50,0%	45,7%
Regional administration	6,7%	6,6%	3,8%	11,1%	15,2%	6,0%	4,7%	12,5%	11,1%	7,1%
NGO's in the municipality	1,1%	1,3%	3,8%	2,8%	0,0%	1,5%	2,3%	0,0%	11,1%	1,9%
Private sector	19,0%	36,4%	15,1%	27,8%	24,2%	22,4%	19,8%	25,0%	16,7%	24,1%
No one of the above – decisions are taken at central level	21,2%	16,6%	11,3%	13,9%	24,2%	7,5%	23,3%	8,3%	11,1%	17,2%
I can not judge	3,9%	3,3%	5,7%	0,0%	0,0%	7,5%	4,7%	8,3%	0,0%	4,0%
Total	100,0%	100,0 %	100,0 %	100,0 %	100,0%	100,0%	100,0%	100,0%	100,0 %	100,0 %
Rank										
Municipal administration	1	2	1	1	1	1	1	1	1	1
Regional administration	4	4	4	4	4	4	4	3	3	4
NGO's in the municipality	5	5	4	5	5	5	5	5	3	5
Private sector	3	1	2	2	2	2	3	2	2	2
No one of the above – decisions are taken at central level	2	3	3	3	2	3	2	4	3	3

Annex. 12. Number of companies per number of employed, according to 1998 reports

	Total	Less than 10		11-50		51 – 100		101 – 250		Over 250	
		No. of companies	%	No. of companies	%	No. of companies	%	No. of companies	%	No. of companies	%
Report companies	217431	194087	89,3	15990	7,4	3864	1,8	2253	1,0	1237	0,6

Annex. 13. Dynamism of private sector share in the economy

	1992	1999
From GDP	26%	57%
From Gross added value	27%	67%
From employment	17%	64%

Annex. 14. Employed in sectors -1998

	Total	Public sector		Private sector	
		Number	%	Number	%
Total	3152554	1230370	39	1922184	61

Annex. 15. Dynamism of the number of employed according to size of enterprises (public and private)

Size of enterprises according to employed	1995	1996	Change 1995-96	1997	Change 1996-97	1998	Change 1997-98
Micro	264562	254859	-9703	279701	24842	344685	64984
Small	266576	286809	20233	299377	12568	243927	-55450
Medium	260724	268127	7403	270704	2577	152920	-117784
Big (over 100employed)	1568822	1559722	-9100	1438867	-120855	943951	-494916
Total employed	2360684	2369517	8833	2288649	-80868	1685483	-603166

Source: NSI, Agency for SME, Institut for Market Economy

Annex. 16. Employed in sectors 1998

Sector	Total employed	%
Employed	3152554	
Farming, forestry, fishing	825185	26,2
Mining	55453	1,8
Processing	723184	22,9
Electricity, gas, water	57802	1,8
Construction	129088	4,1
Trade and repairs	337243	10,7
Hotels and public catering	70545	2,2
Transport and communications	236681	7,5
Finances credit and insurance	37613	1,2
Operations with property and business services	102912	3,3
Governance	80723	2,6
Education	233045	7,4
Health	167138	5,3
Other	95942	3,0

Annex. 17. Sex and age employment coefficient – June 1999

Sex	Total	Age					
		15-24	25-34	35-44	45-54	55-64	65+
Total	43.1	21.1	67.0	78.2	73.2	21.3	1.7
Men	47.6	22.7	71.5	79.4	74.9	34.5	2.8
Women	39.0	19.4	62.3	77.0	71.6	10.0	0.9

NSI, Employment and unemployment, 02/1999

Annex. 18. Number and distribution of entrepreneurs and self-employed 1999

	Total		Women		Men	
	Брой	%	Брой	%	Брой	%
Employers	62200	100.0	15500	24.9	46700	75.1
Self-employed	292800	100.0	100100	34.2	192700	65.8
Total	355000	100.0	115600	32.6	239400	67.4

NSI, Employment and unemployment, 02/1999